Vol.IV
30th April, 1955 (Saturday)

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

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LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

Saturday, 30th April, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*No Questions: Part I not published*)

PAPERS LAID ON THE TABLE

FIRST REPORT OF AIR-INDIA INTERNATIONAL CORPORATION

The Minister of Communications (Shri Jagjivan Ram): I beg to lay on the Table a copy of the First Report of the Air-India International Corporation, under sub-section (2) of section 37 of the Air Corporations Act, 1953. [*Placed in Library. See* No. S-154/55.]

MINISTRY OF COMMUNICATIONS NOTIFICATION

The Minister of Communications (Shri Jagjivan Ram): I beg to lay on the Table a copy of the Ministry of Communications Notification No. S.R.O. 589 dated the 12th March, 1955, under sub-section (3) of section 44 of the Air Corporations Act, 1953. [*Placed in Library. See* No. S-155/55.]

COMMITTEE ON ABSENCE OF MEMBERS FROM SITTINGS OF THE HOUSE

NINTH REPORT

Shri Altekar (North Satara): I beg to present the Ninth Report of the Committee on Absence of Members from the sittings of the House.

ESTIMATES COMMITTEE

PRESENTATION OF MINUTES

Shri B. G. Mehta (Gohilwad): I beg to present the Minutes of the Estimates Committee (1954-55), Vol. 4, No. 1.

STATEMENT *re* ASIAN-AFRICAN CONFERENCE HELD AT BANDUNG

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The House will be interested to have some account from me of the recent Asian-African Conference held at Bandung. Much has appeared in the public press about it. This is not always accurate. The joint communique issued at the conclusion of the Conference and embodying the unanimous decisions of the Conference has also been published. It is being issued as a Government paper.

At the meeting of the Prime Ministers of Burma, Ceylon, Pakistan, Indonesia and India at Bogor in December last, it was decided to convene such a Conference under the joint sponsorship of the five Prime Ministers. The main purposes of the Conference were set out as follows:

> "To promote goodwill and co-operation;
>
> To consider social, economic and cultural problems and the problems of special interest

[Shri Jawaharlal Nehru]

> to Asian and African peoples; and
>
> Finally to view the position of Asia and Africa in the world today and the contribution they could make to the promotion of world peace and co-operation."

The Prime Ministers further agreed that the Conference should be composed of all the independent and near-independent nations of the continents of Asia and Africa. In the implementation of this principle, with minor variations, they decided to invite the representatives of twenty-five countries who together with themselves, thirty in all, could compose the Conference. The invitations thus extended were on a geographical and not on an ideological or racial basis. It is not only insignificant, but impressive, that all but one responded to the invitation of the sponsors and were represented at the Conference, in most cases by Prime Ministers or Foreign Ministers, and in others by their senior statesmen.

Arragements for the Conference were entrusted to a joint Secretariat composed of the five sponsoring nations. The main burden of organisation, however, including accommodation and the provision of all facilities to the visitors, fell upon the Indonesian Government. I am happy to pay a whole-hearted tribute to the Government and the Prime Minister of the Republic of Indonesia for the excellent arrangements that had been made and the enormous amount of labour and attention which they devoted to their task. Their achivements in this regard have in no small measure contributed to the success of the Conference itself.

The Asian-African Conference was opened on the 18th April by the distinguished President of the Republic of Indonesia, Dr. Ahmed Sukarno. The President's opening address to the Conference gave not only an inspiring and courageous lead to the delegates present, but proclaimed to the world the spirit of resurgent Asia. To us in India, President Sukarno's address is a further reminder of the close ties of our two countries and of our joint endeavours in the cause of Asian freedom.

I think we may all profit by the concluding words of his speech which is well worth recalling. He said:

> "Let us not be bitter about the past, but let us keep our eyes firmly on the future. Let us remember that no blessing of God is so sweet as life and liberty. Let us remember that the stature of all mankind is diminished so long as nations or parts of nations are still unfree. Let us remember that the highest purpose of man is the liberation of man from his bonds of fear, his bonds of poverty, the liberation of man from the physical, spiritual and intellectual bonds which have for too long stunted the development of humanity's majority.
>
> And let us remember, sisters and brothers, that for the sake of all that, we Asians and Africans must be united."

Introductory speeches made in the plenary session by a number of delegations revealed the diversities as well as the outlooks that prevailed, and thus, to an extent, projected both the common purposes of and the difficult tasks before the Conference. The rest of the work of the Conference except for its last session, was conducted in committees, in private sessions, as being more calculated to further the purposes of the Conference and to accomplish them with expedition.

It was part of the decisions at Bogor that the Conference should set out its own agenda. This was not an evasion of responsibilities by the sponsors but a course deliberately adopted by them to make the Conference the master of its own tasks and procedures.

Accordingly, the Conference settled its agenda on the lines of the main purpose set out at Bogor. The Conference also decided that their final decision should set out the consensus of their views.

Economic and cultural issues were referred to separate committees and their reports were finally adopted by the committee of the whole Conference. This committee also dealt with the remainder of the agenda including the main political issues. The House will be familiar, from the final communique of the Conference which has been laid on the Table of the House, with the proceedings of these committees and the recommendations made. It is, however, relevant to draw attention to their main characteristics. These recommendations wisely avoided any provision for setting up additional machinery of inter-nation co-operation, but, on the other hand, sought to rely on existing international machinery in part and, for the rest, on such decisions as individual Governments may, by contact and negotiation, find it possible to make. I respectfully submit to the House that in dealings between sovereign Governments, this is both the wise and practical step to adopt. It is important further to note that all delegations without exception realised the importance of both economic and cultural relations. The decisions represent the break-away from the generally accepted belief and practice that Asia, in matters of technical aid, financial or cultural co-operation and exchange of experience, must rely exclusively on the non-Asian world. Detailed recommendations apart, the reports of these committees, which became the decision of the Conference, proclaim the reaching out of Asian countries to each other and their determination to profit by each other's experience on the basis of mutual co-operation.

In the economic field, the subjects dealt with include technical assistance, early establishment of a Special United Nations Fund for Economic Development; appointment of liaison officers by participating countries: stabilisation of commodity trade and prices through bilateral and multilateral arrangements; increased processing of raw materials, study of shipping and transport problems; establishment of national and regional banks and insurance companies: development of atomic energy for peaceful purposes; and exchange of information and ideas on matters of mutual interest.

In the cutural field, the Conference similarly dealt with a wide range of subjects, recognising that the most powerful means of promoting understanding among nations is the development of cultural co-operation. The links that bound the Asian and African countries together in earlier ages had been sundered in their more recent history of foreign conquest and annexation. The new Asia would seek to revive the old ties and build newer and better forms of relationship. While the Asian renaissance has legitimately and naturally played an important part in the thinking of the delegates, it is important that they remembered and recorded, in accordance with the age-old traditions of tolerance and universality, that the Conference believed that Asian and African cultural co-operation should be developed in the larger context of world co-operation.

As a practical step, the Conference decided that the endeavours of their respective countries in the field of cultural co-operation should be directed toward their knowledge of each other's country, mutual cultural exchanges and the exchange of information and that the best results

[Shri Jawaharlal Nehru]

would be achieved by pursuing bilateral arrangements, each country taking action on its own in the best ways open to it.

The work of the committee of the whole Conference was devoted to problems mainly grouped under the headings of human rights and self-determination; problems of dependent peoples and the promotion of world peace and co-operation. Under each head were grouped a large number of specific problems. In the consideration of human rights and self-determination, specific problems, such as racial discrimination and segregation, were considered. Special consideration was given to the Union of South Africa and the position of people of Indian and Pakistan origin in that country as well as to the problem of Palestine in its relation to world peace, human rights and the plight of the refugees.

The problem of dependent peoples or colonialism was the subject which at once created both pronounced agreement and disagreement. In the condemnation of colonialism in its well-understood sense, namely, the rule of one people by another, with its attendant evils, the conference was at one. It affirmed its support to those still struggling to attain their independence and called upon the powers concerned to grant them independence. Special attention was paid to the problems of Morocco, Tunisia and Algeria as well as to West Irian. Aden, which is a British Protectorate and is in a different category, also came in for consideration.

There was, however, another and different view in the Conference which sought to bring under colonialism and to include in these above affirmations the alleged conditions in some countries which are sovereign nations——some of these are members of the United Nations and all of them are independent in terms of international law and practice. They have diplomatic relations with ourselves and other countries of the world including the Big Powers. It appeared to us that irrespective of whatever views may be held in regard to the conditions prevailing in these countries or of relationships that may exist between the Soviet Union and them, they could in no way be called colonies nor could their alleged problems come under the classification of colonialism. To so include them in any general statement on behalf of the Conference could be accomplished only by the acceptance by a great number of participants of the Conference, including ourselves, of the political views and attitudes which are not theirs. It is no injustice to anyone concerned to say that this controversy reflects a projection of the cold war affiliations into the arena of the Asian-African Conference. While these countries concerned did and indeed had a right to hold their own views and position on this as on any other matter, such views could not become part of any formulation on behalf of the Conference. It was, however, entirely to the good that these conflicting views were aired and much to the credit of the Conference that after patient and persitent endeavour, a formulation which did not do violence to the firmly held opinions of all concerned, was forthcoming. This is one of those matters of which it may be said that one of the purposes of the Conference, namely, to recognise diversities but to find unity, stands vindicated.

Asia and Africa also spoke with unanimity against the production and use of weapons of mass destruction. The Conference called for their total prohibition, and for the establishment and maintenance of such prohibition by efficient international control. It also called for the suspension of experiments with such weapons. The concern of Asian and African countries about the armaments race and the imperative necessity of disarmament also found expression.

The most important decision of the Conference is the "Declaration on World Peace and Co-operation". The nations assembled set out the principles which should govern their relations between each other and indeed that of the world as a whole. These are capable of universal application and historic in their significance. We in India have in recent months sought to formulate the principles which should govern our relations with other countries and often spoken of them as the five principles. In the Bandung Declaration we find that the full embodiment of these five principles and the addition to them of elaborations which reinforce these principles. We have reason to feel happy that this Conference, representative of more than half the population of the world, has declared its adherence to the tenets that should guide their conduct and govern the relations of the nations of the world if world peace and co-operation are to be achieved.

The House will remember that when the five principles, or the Panch Shila as we have called them, emerged, they attracted much attention as well as some opposition from different parts of the world. We have maintained that they contain the essence of the principles of relationship which would promote world peace and co-operation. We have not sought to point to them as though they were divine commandments or as though there was a particular sanctity about either the number or about their formulation. The essence of them is the substance, and this has been embodied in the Bandung Declaration. Some alternatives had been proposed and some of these even formulated contradictory positions. The final declaration embodies no contradictions. The Government of India is in total agreement with the principles set out in the Bandung Declaration and will honour them. They contain nothing that is against the interests of our country or the established principles of our foreign policy.

The Declaration includes a clause which has reference to collective defence. The House knows that we are opposed to military pacts and I have repeatedly stated that these pacts based upon the idea of Balance of Power and "Negotiation from strength" and the grouping of nations into rival camps are not, in our view, a contribution to peace. We maintain that view. The Bandung Declaration, however, relates to self-defence in terms of the Charter of the United Nations. The provisions of the Charter (Article 51) make it clear that the inherent right of self-defence, individual or collective, is: "if an armed attack occurs against a member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security". This is quoted from the Charter. I also invite a reference to Chapter VIII of the Charter where the conditions about regional arrangements are set out in detail. It has been stated in the Bandung Declaration in express terms that these rights of collective defence should be in accordance with the Charter. We have not only no objection to this formulation, but we welcome it. We have subscribed to collective defence for the purposes defined in the Charter. It will also be noted that the Bandung Declaration further finds place for two specific safeguards in relation to this matter, namely, that there should be no external pressures on nations and that collective defence arrangements should not be used to serve the particular interests of the Big Powers. We are also happy that the Declaration begins with a statement of adherence to human rights and therefore to the fundamental values of civilisation. If the Conference made no other decision than the formulation of the principles of the Bandung Declaration, it would have been a signal achievement.

[Shri Jawaharlal Nehru]

So much for the actual work and achievements within the Conference itself. But any estimate of this historic week at Bandung would be incomplete and its picture would be inadequate if we did not take into account the many contacts established, the relations that have emerged, the prejudices that have been removed and the friendships that have been formed. More particularly, reference should be made to the conversations and, happily, some constructive results arising from private talks. Such results have been achieved in regard to some of the difficulties that had arisen in relation to the implementation of the Geneva decisions in Indo-China. Direct meetings of the parties concerned and the good offices of ohers, including ourselves, have been able to help to resolve these difficulties and create greater understanding and friendship. This is the position in regard to Cambodia, Laos and the Democratic Republic of Viet-Nam. We regret, however, that we have not been able to make progress in this regard in respect of South Viet-Nam. This must await time and further endeavour.

The House is aware that the Prime Minister of China made, while he was at Bandung, a public statement announcing his readiness to enter into direct negotiations with the United States to discuss the question of relaxing tension in the Far East and especially the question of relaxing tension in the Formosa area. We have known for some time that China was willing to enter into direct talks, and other parties concerned have also not been unaware of it. The announcement itself does not therefore represent a new attitude on the part of China, but the fact that this has been publicly stated at a gathering of the Asian and African nations represents a further and wholesome development. If this is availed of by all concerned, it can lead to an approach towards peaceful settlement.

I had several conversations with Premier Chou En-lai. Some of these related to Formosa. At my request Shri Krishna Menon also explored certain aspects of this question with the Prime Minister of China. In the last few months we have also gained some impressions on the reactions and the attitude in Washington, London and Ottawa in regard to the Formosan question. We cannot speak for other Governments and can only form our own impressions and act according to our judgment of them. We have increasingly felt that efforts to bridge the gulf are imperative in view of the gravity of the crises and the grim alternative that faces us if there are to be no negotiations. We feel and hope that patient and persistent endeavour may produce results or at least show the way to them. We have the privilege and advantage of being friendly to both sides in this dispute. We entertain no prejudices and do not feel ourselves barred in respect of any approach that will lead to peace. We propose, therefore, to avail ourselves of such opportunities as are open to us to help to resolve this grave crisis. In order to continue the Bandung talks, Premier Chou En-lai has invited Shri V. K. Krishna Menon to go to Peking. I have gladly agreed to this.

The Bandung Conference has been a historic event. If it only met, the meeting itself would have been a great achievement, as it would have represented the emergence of a new Asia and Africa, of new nations who are on the march towards the fulfilment of their independence and of their sense of their role in the world. Bandung proclaimed the political emergence in world affairs of over half the world's population. It presented no unfriendly challenge or hostility to anyone but proclaimed a new and rich contribution. Happily that contribution is not by way of threat or force or the creation of new Power Blocs. Bandung proclaimed to the world the capacity of the new nations of Asia and Africa for practical idealism, for we conducted our business in a short time and reached agreements of practical value, not quite usual with international conferences. We did not permit our sense of unity or our success to drive us into isolation and egocentricity. Each major decision of the Conference happily refers to the United Nations and to world problems and ideals. We believe that from Bandung our great organisation, the United Nations, has derived strength. This means in turn that Asia and Africa must play an increasing role in the conduct and the destiny of the world organisation.

The Bandung Conference attracted world attention. In the beginning it invited ridicule and perhaps hostility. This turned to curiosity, expectation and, I am happy to say, later to a measure of goodwill and friendship. In the observations I submitted in the final plenary session of the Conference, I venturned to ask the Conference to send its good wishes to our neighbours in Australia and New Zealand with whom we have nothing but the most fraternal feelings, as indeed to the rest of the world. I feel that this is the message of the Asian and African Conference and also the real spirit of our newly liberated nations towards the older and well established countries and peoples. To those still dependent, but are struggling for freedom, Bandung presented hope to sustain them in their courageous fight and in their struggles for freedom and justice.

While the achievements and the significance of the meeting at Bandung have been great and epoch-making, it would be a misreading of history to regard Bandung as though it was an isolated occurrence and not part of a great movement of human history. It is this latter that is the more correct and historic view to take.

Finally, I would ask this House not only to think of the success and achievements of the Conference, but of the great tasks and responsibilities which come to us as a result of our participation in this Conference. The Government of India are confident that in the discharge of these responsibilities, our country and our people will not be wanting. Thus we will take another step in the fulfilment of our histric destiny.

STATE BANK OF INDIA BILL—*Concld.*

Mr. Speaker: The House will now proceed with the clause-by-clause consideration of the Bill to constitute a State Bank for India, to transfer to it the undertaking of the Imperial Bank of India and to provide for other matters connected therewith or incidental thereto.

As we are proceeding with the clause-by-clause consideration I would request hon. Members who have tabled amendments to hand over at the Table the numbers of the amendments that they would like to move. The numbers of the amendments may be given within fifteen minutes and they will be taken up as the clause-by-clause consideration proceeds in respect of each clause, provided the amendments are otherwise in order.

Shri Sadhan Gupta (Calcutta South-East): To which clause?

Mr. Speaker: To all clauses. The idea is the Office might tabulate all of them, so that as each clause is taken up it may be easy to locate which amendments are going to be moved and which are not going to be moved. That is the idea.

Clause 2.—(*Definition*)

Mr. Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3.—(*Establishment of the State Bank*)

Shri Mulchand Dube (Farrukhabad Distt.—North): Sir, my amendment makes only a verbal change and I think it is simpler and may be acceptable to the hon. Minister. The amendment is as follows:

> "The State Bank shall be a body corporate with perpetual succession and a common seal and shall be entitled to sue and liable to be sued under the name of the State Bank of India."

I think the language is simpler than in the Bill. It is for the Minister to consider whether he would accept it or not.

The Minister of Revenue and Defence Expenditure (Shri A. C. Guha): We have taken this from the Imperial Bank of India Act and since this is the correct drafting. We are not ready to accept the amendment.

Shri Mulchand Dube: Then, I would like to withdraw it.

Mr. Speaker: I am not putting it before the House. There is no question of withdrawal.

The question is:

> "That clause 3 stond part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4.— (*Authorised capital*)

Shri A. M. Thomas (Ernakulam): Sir, I beg to move my amendment, No. 184:

> In page 2, lines 26 and 27, *for* "twenty crores of rupees divided into twenty lakhs" *substitute* "fifty crores of rupees divided into fifty lakhs".

In the Rural Credit Survey Report, at page 100 it has been said how the shares are to be distributed and at 407 they have recommended that, in view of many other things and the much larger programme of credit expansion that the new institution is intended to carry out, the authorised share capital be adequately increased. This Committee itself has recommended an increase of the authorised share capital, but it has only suggested the authorised capital to be Rs. 20 crores and that suggestion has been accepted by the Government in formulating this Bill. I concede that the working capital or the volume of work carried on may not have much relationship with the authorised or the issued capital. But, being a bank, I think it has got some relationship and that principle has been accepted by the Government itself when it has brought the Indian Banking Companies Act. According to the Indian Banking Companies Act, section 11, you will be able to note that whenever branches of a bank are thought to be located in more than one State or in more than one district within a State, the share capital of that bank has to be correspondingly increased. We have also to take into consideration the magnitude of the venture that we are intending to have.

[SARDAR HUKAM SINGH *in the Chair*]

The hon. Finance Minister, when he moved for consideration of this Bill, stated that we shall not take any step which can damage the efficiency of the State Bank functioning as the biggest commercial bank in the country. He has also assured the House that although the activities of this Bank are going to be diverted to new channels, it will in no way affect the present credit facilities that are available to commerce and trade and that they will be continued. The Finance Minister has also said that the constitution of the State Bank is intended—in his own words—to recreate our rural life, to vitalise and strengthen our peasantry and to rejuvenate the rural areas, so that we have got a very ambitious plan before us, we will also therefore indicate to the public that we are having something big. Even according to the Bill, at least a minimum of 400 branches have to be opened and I think it will be in the fitness of things that the authorised capital also should more or less give an idea of the magnitude of the work that we have.

According to the Bill 55 per cent. of the shares are to go to the Reserve Bank and in view of the fact that we must have as much private participation as possible, it has been stated that the other 45 per cent. will be thrown open for public subscription. I had also another point in view when I drafted the amendment. The Bill contemplates the constitution of local boards and local committees so that it is desirable that the shareholders are as much distributed as possible throughout the length and breadth of the country, as it happens that the shareholders of the Imperial Bank are more in big towns and, mainly, in Bombay. That concentration must not increase. So, I suggest that in order that we may have as much distribution as possible, we may increase the authorised capital and also correspondingly the issued capital.

I concede that there is a proviso added to the clause, namely,

> "Provided that the Central Government may increase or reduce the authorised capital as it thinks fit so however that the shares in all cases shall be fully paid-up shares of one hundred rupees each."

But, I say, it is not advisable to give this power to the Central Government in an important matter like this. Though the power is given to the Central Government, the Central Government is not likely to increase the authorised capital or the issued capital as circumstances arise. It is better that the Parliament itself gives attention to this matter and I think that, in the fitness of things and having regard to the laudable objects of the institution, we should increase the authorised capital and also the issued capit*'.

Mr. Chairman: Amendment moved:

In page 2, lines 26 and 27, *for* "twenty crores of rupees divided into twenty lakhs" *substitute* "fifty crores of rupees divided into fifty lakhs".

Shri S. S. More (Sholapur): Mr. Chairman, it has been our experience that all these banking institutions are mostly confined to urban areas and out of the urban areas to the commercial interests. It is carried on on the basis of an irrefutable assumption that banking is indissolubly associated with commercial interests. But this particular measure is being brought before the House for the purpose of emphasising the necessity of giving rural credit. But mere emphasis on the part of Government is not enough. I do know that 55 per cent. of the share capital will be taken by the Reserve Bank and the rest will be allotted to individual or institutional shareholders. In order to distribute equitably the controlling power by virtue of these shares to the different regions and the different interests, I should like to make a suggestion to Government that some portion of the shares should be allotted for rural areas and particularly to the peasantry for whose benefit the whole measure has been motivated. It may seem strange to some, but all the same as the peasantry's interest is the major interest in the country, the allotment of shares should not be restricted to commercial or business interests in the country. Therefore, I say, if the peasantry is to come into its own and its interest is to receive the attention it should, the shares should also be allotted to the rural areas, to persons coming from the rural areas and particularly those interested in farming, so that they can have the necessary controlling voice.

Shri A. C. Guha: As the hon. Mover of the amendment has already said, there is a proviso in the Bill. It is that the Central Government may increase or reduce the authorised

[Shri A. C. Guha]

capital. I do not feel that there is just now any necessity for having a higher authorised capital. It may create further difficulties if the shares cannot be sold to the public and so much capital could not be raised from the public. Then, it may be necessary to capitalise the reserves which will not be a very good thing for a bank. The bank functions not with its authorised capital only, but mostly with the deposit money available with the bank. It will probably have Rs. 200 crores available to work on the rural credit side. Further, the hon. Member has referred to the report on rural credit survey. In the report, the capital that has been mentioned is based on the capital of the Imperial Bank and also the State-associated bank. These State-associated banks are also recommended to be amalgamated with this bank. When these banks will be amalgamated with this bank, the authorised capital of this bank will also increase. I do not think there is any necessity for accepting this amendment.

As to the suggestion made by Shri S. S. More, I think the Government and the Reserve Bank may take some care to see that the shares may be given to small holders also. I think it was done in the case of the Reserve Bank also. It may also be done in the case of this bank when distributing the shares. The amendment is not acceptable.

Mr. Chairman: The question is:

In page 2, lines 26 and 27, *for* "twenty crores of rupees divided into twenty lakhs" *substitute* "fifty crores of rupees divided into fifty lakhs".

The motion was negatived.

Mr. Chairman: I shall put the clause to the vote of the House.

The question is:

"That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5.—(*Issued capital*)

Shri Sadhan Gupta (Calcutta South-East): Clause 5 deals with an important matter. Clause 5 deals with the issued capital and incidentally also prescribes how much of it is to be held by the private sector and how much is to be held by the public sector through the instrumentality of the Reserve Bank.

Due to the wonderful dispensation of socialism from Avadi, we have to pay Rs. 20 crores to acquire shares of the value of Rs. 5,62,50,000. After acquiring them, after nationalising them, what we do is to transfer them or a substantial portion back to the private sector to the extent of 45 per cent. We have been told that we should not make a dogmatic approach to socialism. Socialism, it is said, does not exclude the private sector. But, I think, by any conception of socialism, every one including the Prime Minister agrees that socialism would mean the ownership of the means of production by the community. Of course, the capital to be invested is a very potent means of production particularly in a backward country like ours. We pay Rs. 20 crores to nationalise one of the biggest banks or the biggest bank in our country. After nationalising it, the dispensation of socialism is to transfer it or a substantial portion of it back into the hands of the private sector. What kind of socialism is this? I can understand, though I cannot appreciate, that it may be that something may not be fully nationalised because the compensation which has to be paid is heavy. But, we start by full nationalisation and then transfer shares back to the private sector. For what? We transfer 45 per cent. of the shares valued at Rs. 9 crores. What is this paltry sum of Rs. 9 crores that the State cannot afford to pay even for the sake of having complete control over such a powerful institution as the Imperial Bank? Why should not the State pay

Rs. 9 crores? It is not too great a sum for the Government of India to bear. So, I think it is only a surrender to the private sector, a surrender to the big monopolists who have a control over the Government who have their pull in the Government. That is why this is done. We on this side are completely opposed to any shares going to the private sector. But, we know that we are not going to convince the Avadi socialists about the necessity of nationalising this big institution. Therefore I am moving an amendment with the greatest amount of diffidence the greatest amount of diffidence not because I have any doubt about the justification of it, but because I have great doubts about whether I would be able to convince this Government about the justification of the amendment. The amendment says that the holding of the private sector will not be more than 20 per cent.

I beg to move:

In page 3, lines 1 and 2, *for* "fifty-five per cent", *substitute* "eighty per cent".

I know that it will not be accepted. But, I throw a challenge to the Avadi socialists to show their earnestness by accepting this reasonable suggestion. I would suggest that it should be completely nationalised. If they cannot find their way to do so, let them at least accept that 80 per cent. should be held by the Reserve Bank and only 20 per cent of the shares may be given to the private sector.

Mr. Chairman: Amendment moved:

In page 3, lines 1 and 2, *for* "fifty-five per cent", *substitute* "eighty per cent".

Shri T. N. Singh (Banaras Distt.—East): I do not agree with what Shri Sadhan Gupta has just now said that everything that is nationalised should be completely nationalised and no part of that capital should be allowed to be held by any person whatsoever. We have our own difficulties in this poor country. Probably, it may be necessary to part with some capital to private people also. Every section of this House has accepted the proposal that there can be control and management by the Government even of private firms. That is the basic idea with which we are all in agreement. Therefore, if it enables the Government that is the State, to control and manage the bank, I see no injury whatsoever even if the shares are transferred. The appointment of the Chairman and Vice-Chairman have all been provided in the Act itself.

I would like to know one point and that is why I have stood up. When the shares have first been acquired and it is decided to unload a part of the shares to private persons, what will be the price at which these shares will be unloaded? It may happen that we may be compelled to or we may unload them at even a lower price than what we are paying at present. There is nothing in the Act on that point. There is nothing to prevent the Board of Directors from unloading the shares on whatever terms they think practicable or feasible at a particular time. I would like to know from the Finance Minister as to what safeguard there is against any such unloading so that at least we may see to it that we do not suffer any loss in any such transaction. That is what I want to know.

Shri S. L. Saksena (Gorakhpur Distt.—North): I support the amendment of Shri Sadhan Gupta. I am really surprised that after paying 20 crores of rupees for purchasing the shares, we want to make it again a partly private-controlled bank. Banking is a key industry and in our Resolution on Industrial Policy, we had said that we wish to nationalise all key industries. This has been a plank on the platform of the Congress for very many years. I do not see why

[Shri S. L. Saksena]

when we are taking a big step to nationalise this bank by paying Rs. 20 crores, we should again want to make it a partly privately controlled body. And who will be the public? The majority will be the big bosses of industry, who will always use their influence to control the affairs of the bank, in their own Capitalist interests. I think this is a very wrong proposal which has been made in this clause. You should have completely nationalised the State Bank now after paying 20 crores of rupees and should not sell 45 per cent. shares to private capital again, because when you may later on again decide to nationalise the Bank completely, you may have to pay Rs. 500 for each share which you will now sell for Rs. 100. I think, therefore, that it is very bad to pay full compensation now and then give back a part of the shares we purchase to the private people after paying four times the face value of the shares. And I think many of the shares will go back to the very persons from whom you purchase them. Thus what will happen is that they will get at Rs. 500 shares for which we paid Rs. 1,700. This is extraordinary. This will be a criminal waste of public money. I would strongly urge that the State Bank should be completely nationalised so that there is no private sector at all in this industry. Therefore, you must accept this amendment.

Shri A. M. Thomas: I oppose the amendment moved by Shri Sadhan Gupta. The Committee of Direction had only recommended holding of 51 per cent. of the shares by the Reserve Bank. All the same, the Bill provides for the acquisition of 55 per cent of the share value. I sumbit I cannot understand the agrument of my friends when they say that it has to be completely nationalised. The tests that we have to apply are whether we get control of the institution, and whether it will be a national undertaking. Applying these two tests, having regard to the provisions of the Bill, I would say that the Government can exercise any sort of power with regard to the working of this bank. That is exactly what we require. It is also desirable that we throw out some shares to the public. It has been pointed out that this is mainly intended to extend rural credit. Is it not desirable that the public who wish to subscribe become owners as well as beneficiaries of this grand institution? So, having regard to the nature of the object that we have in view, it is also desirable that we throw out some shares to the public. I cannot understand the argument of Shri S. L. Saksena when he says that we are acquiring these shares for a greater value than the face value, and when we issue it back it will be for the same face value. When we issue it back, it will also necessarily be at a premium.

Shri S. S. More: What is the guarantee of that.

Shri A. M. Thomas: In fact, according to the amendment of the Reserve Bank Act which we are adopting in this, the shares will necessarily be sold at a premium and the entire amount, if not more, will necessarily be collected by way of shares, so that there need not be any fear at all on that ground. I think that the fears that are expressed are baseless. Not only that. It is necessary in the interest of the institution that we associate some private interests also with the working of this bank. I oppose the amendment.

Shri A. C. Guha: I think the two previous speakers who spoke against the amendment have met all the points mentioned by the other two Members who supported the amendment.

It is not necessary to keep 100 per cent of the shares in the control of Reserve Bank. I should like hon. Members to remember that this is not a Bill intended to nationalise the banking industry as such; it is not the first step for the nationalisation of the banking industry. It is a Bill to take over complete control of the Imperial Bank so that it may be used as a machinery for rural banking. I think the provision put in there is quite sufficient to meet the requirements, and as suggested by the previous speaker, it is rather good for the institution both for catering to rural banking and also for doing commercial business, that private parties also should be associated with the venture. But the complete control of the bank will be in the hands of Government through the Reserve Bank. There is not the least doubt about that, if hon. Members see the composition of the Central Board and other Committees and the procedure for appointment of the executive officers of this bank. So I oppose the amendment.

Mr. Chairman: The question is:

In page 3, lines 1 and 2, *for* "fifty-five per cent", *substitute* "eighty per cent".

'Ayes' may kindly stand in their seats. The following are their names.

1. Shri A. K. Gopalan,
2. Shri H. N. Mukerjee,
3. Shri V. G. Deshpande,
4. Shri S. S. More,
5. Shri S. L. Saksena,
6. Shri V. P. Nayar,
7. Shri Sadhan Gupta,
8. Shri Sarangadhar Das,
9. Shrimati Renu Chakravartty,
10. Shri Kelappan,
11. Shri Gadilingana Gowd,
12. Shri T. B. Vittal Rao,
13. Shri C. R. Chowdary,
14. Dr. Rama Rao,
15. Shri N. B. Chowdhury,
16. Shri Gopala Rao,
17. Shri Tushar Chatterjea,
18. Shri Nanadas,
19. Shri S. V. L. Narasimham,
20. Shri Mohana Rao,
21. Shri Biren Dutt,
22. Shri Dasaratha Deb,
23. Shri Eswara Reddi,
24. Shri B. Y. Reddy,
25. Shri R. N. Reddy,
26. Shri K. S. Rao,
27. Shri Mushar,
28. Shri Sivamurthi Swami,
29. Shri Rishang Keishing,
30. Shri N. R. Waghmare, and
31. Shri Deogam.

Those against the amendment will please rise in their seats.

Well, the number is very large. The amendment is rejected.

12 NOON

The motion was negatived.

Mr. Chairman: Now, I shall put the clause to the vote of the House.

The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6.— (*Transfer of assets and liabilities of the Imperial Bank to the State Bank*)

Shri A. C. Guha: I beg to move:

In page 3, lines 8 and 9, *for* "as from", "*substitute* "on".

Shri Mulchand Dube: I beg to move:

(i) In page 3, line 29, *add* at the end:

"Provided always that the instruments referred to in this sub-section are enforceable at law."

(ii) In page 3, lines 32 to 35, *omit*—

"shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the State Bank of the undertaking of the Imperial Bank or of anything contained in this Act but the suit, appeal or other proceeding".

Mr. Chairman: The amendments are before the House.

Shri Mulchand Dube: My amendment No. 190 is to sub-clause (3) of clause 6. Clause 6, sub-clause (3) reads as follows:

> "Without prejudice to the provisions contained in section 7, all contracts and other instruments of whatever nature, subsisting or having effect immediately before the appointed day and to which the Imperial Bank is a party, shall be of as full force and effect against or in favour of the State Bank, as the case may be, and may be enforced as fully and effectually as if instead of the Imperial Bank, the State Bank had been a party thereto."

The amendment that I propose to this sub-clause is that after this sub-clause, the following proviso may be added:

> "Provided always that the instruments referred to in this sub-section are enforceable at law."

It would be noticed that the words used in this clause are: "all contracts and other instruments of whatever nature". A contract is an agreement enforceable at law but the same thing cannot be said of an instrument. The instrument may or may not be the validating instrument. The instrument may or may not be enforceable at law. Therefore, the use of the words "instruments" may saddle the State Bank with a liability of which they may not be liable under the law. I therefore think that if this proviso is inserted, it would be all right. The word "instrument" should be so qualified that the instrument should be enforceable at law. That would be binding upon the Imperial Bank and also be enforceable against the State Bank. This kind of change, I think, is necessary, unless of course we also wish to bind ourselves in regard to the instruments which will not be enforced either against the Imperial Bank or against the State Bank even.

My other amendment, amendment No. 191, is a small verbal amendment. I think the language should be more simple than what it is. The sub-clause would be simpler if it reads like this:

> "If on the appointed day any suit, appeal or other legal proceeding of whatever nature, is pending by or against the Imperial Bank, the same may be continued, prosecuted and enforced by or against the State Bank".

Therefore, the words:

> "shall not abate, be discontinued or be in any way prejudiciary affected by reason of the transfer to the State Bank of the undertaking of the Imperial Bank or of anything contained in this Act, but the suit, appeal or other proceeding".

may be deleted. These words seem to be redundant or surplus. The purpose will be served if we say that:

> "any suit, appeal or other legal proceeding......continued, prosecuted and enforced by or against the State Bank".

This will avoid repetition. I think the language is more simple if these words are deleted.

Shri S. S. More: May I seek a clarification? Clause 6 is almost a copy of section 4 of the Imperial Bank of India Act, 1920. These words in sub-clause (3), namely, "without prejudice to the provisions contained in section 7," etc., are taken from section 4 of the Imperial Bank of India Act, 1920. But there are some omissions the significance of which is not evident to me. For instance, in the original Act, it is stated after the word "contract", the words "deeds, bonds and agreements and other instruments" are added. These words, "deeds, bonds and agreements" appear to have been omitted from this particular clause.

You know as a practising lawyer that if certain words are omitted in a subsequent enactment, then the courts will be entitled to draw an inference that there was some purpose in the minds of the legislature in omitting these words. It may be argued that all contracts and other instruments are enough to cover the deeds, bonds and agreements, but in view of the fact that they were specifically mentioned in the original enactment and have been now omitted from this present Bill, it is quite possible and I do apprehend that the courts may come to the conclusion that these deeds, bonds or agreements which were supposed to cover certain transfers are not now covered by this particular clause in respect of transfer. These are my fears and it is for the Government to explain.

Shri A. C. Guha: As for amendment No. 190, it seems to be unnecessary, because only those instruments which are enforceable against the Imperial Bank can have force and effect against the State Bank.

Pandit Thakur Das Bhargava (Gurgaon): Subsisting also?

Shri A. C. Guha: Yes. This is the legal opinion.

As for 191, I think our present draft is better than the one which the hon. Member has suggested. As for the point mentioned by Shri S. S. More, I think it is also just a drafting change. I think under the present conditions, what has been stated in the Bill is the better draft. That is all I have got to say.

Mr. Chairman: Would the hon. Member like me to put his amendments to the vote of the House?

Shri Mulchand Dube: I beg to withdraw my amendments.

The amendments were, by leave, withdrawn.

Mr. Chairman: I shall now put the Government amendment to vote. It is just a verbal amendment.

The question is:

In page 3, lines 8 and 9, *for* "as from", *substitute* "on".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7.— (*Transfer of service of existing officers and employees of the Imperial Bank to the State Bank*)

Shri A. C. Guha: I beg to move:

(i) In pages 3 and 4, *for* lines 37 to 42 and lines 1 to 8, *substitute*:

"7. (1) Every officer or other employee of the Imperial Bank (excepting the managing director, the deputy managing director and other directors) in the employment of the Imperial Bank immediately before the appointed day shall, on and from the appointed day, become an officer or other employee, as the case may be, of the State Bank, and shall hold his office or service therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, gratuity and other matters as he would have held the same on the appointed day if the undertaking of the Imperial Bank had not vested in the State Bank, and shall continue to do so unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank."

(ii) In page 4, line 11, *after* "Imperial Bank", *insert* "or any provident, pension or other fund or any authority administering such fund"

(iii) In page 4, line 12, *after* "State Bank", *insert* "or any provident, pension or other fund or any authority administering such fund"

[Shri A. C. Guha]

(iv) In page 4, *for* lines 18 to 24, *substitute*:

"(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), no appointment made or promotion, increment in salary, pension, allowance or any other benefit granted to any person after the 19th day of December, 1954, and before the appointed day which would not ordinarily have been made or granted or which would not ordinarily have been admissible under the rules or authorisations of the Imperial Bank or of any provident, pension or other fund in force prior to the 19th day of December, 1954, shall have effect or be payable or claimable from the State Bank or from any provident, pension or other fund or from any authority administering the fund, unless the Central Government has by general or special order, Confirmed the appointment, promotion or increment or has directed the continued grant of the pension, allowance or other benefit as the case may be."

Shri Keshavaiengar (Bangalore North): I beg to move:

In page 4, lines 7 and 8,- *omit* "or until his remuneration, terms or conditions are duly altered by the State Bank."

Pandit Thakur Das Bhargava: I beg to move:

(1) (i) In page 3, lines 37 to 39, *omit* "(excepting the managing director, the deputy managing director and other directors)"; and

(ii) In page 4, *after* line 8, *add*:

"Provided that the State Bank shall have full authority to alter the remuneration, terms or conditions of service of the managing director, the deputy managing director and other employees drawing a salary of more than two thousand and five hundred rupees and offer them such remuneration, terms of conditions of service for the future as it considers proper consistent with the responsibilities and functions they are called upon to discharge."

(2) In page 4, line 3, *after* "pension", *insert* "provident fund".

(3) In page 4, line 3, *after* "gratuity", *insert* "bonus".

(4) In page 4, lines 6 to 8, *omit* "unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank".

(5) In page 4, line 8, *add* at the end "by virtue of any right or authority which the Imperial Bank would have possessed if its undertaking had not visited in the State Bank".

(6) In page 4, line 8, *add* at the end "in the same way as the Imperial Bank would have done had its undertaking not been vested in the State Bank".

(7) In page 4, *for* lines 32 to 45, *substitute*:

"(4) In case the managing director, deputy managing director or any other officer drawing a salary higher than two thousand and five hundred rupees a month does not agree to serve on the remuneration, terms and conditions of service on him, his services shall be terminated on the appointed day or such other day as the State Bank appoints in this behalf and he shall be entitled to the compensation from the bank for the loss of office or for the premature termination of any agreement or contract relating to his employment or to such pension, compensation or other benefit which he and the bank may agree upon or in case he and the bank agree to whatever such person would have received as an officer of the Imperial Bank if this Act had not been passed and if he had retired from his employment in the ordinary course."

Shri C. R. Iyyunni (Trichur): I beg to move:

In page 4, lines 7 and 8, *omit* "or until his remuneration, terms or conditions are duly altered by the State Bank".

Shri Sadhan Gupta: I beg to move:

(1) In page 4, line 2, *after same* remuneration", *insert* "including bonus".

(2) In page 4, line 3, *after* "pension", *insert* "provident fund",

(3) In page 4,—

(i) *after* line 37, *add:*

> "Provided that nothing in this sub-section or in any other provision of this Act shall entitle a person who is not a citizen of India to any such pension, allowance or benefit or any portion thereof if the grant or continued grant of such pension, allowance or benefit or portion thereof is unreasonable in the opinion of the Central Government or of the State Bank."; and

(ii) line 18, *after* "Provided", *insert* "further".

(4) In page 4, *for* lines 25 to 31, *substitute*:

> "(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act, 1947 (XIV of 1947), the transfer of the services of any officer or other employee of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State Bank shall not entitle such officer or other employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority.
>
> For the removal of doubt, it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 (XIV of 1947) shall be entitled to claim compensation in any court, tribunal or before any other authority."

(5) In page 4, lines 40 to 45, *omit* "except such pension, compensation or other benefit which the State Bank may grant to him, having regard to what that person would have received as an officer of the Imperial Bank if this Act had not been passed and if he had retired from his employment in the ordinary course".

(6) In page 4, *after* line 8, *add:*

> "(1A) Notwithstanding anything contained in this Act or in any other law for the time being in force or in any contract, agreement or award, the renumeration payable to an officer or other employee shall not be less than one hundred rupees per month exclusive of bonus:
>
> Provided that in no case the total emoluments paid inclusive of bonus shall exceed eighteen thousand rupees per annum."

(7) In page 4, *for* lines 25 to 31, *substitute*:

> "(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act, 1947 (XIV of 1947), the transfer of the services of any officer or other employee of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State Bank shall not entitle such officer or other employee to any compensation under any law, and no such claim shall be entertained by any court, tribunal or other authority.
>
> *Explanation*: For the removal of doubt it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 shall

[Shri Sadhan Gupta]

be entitled to claim compensation for any loss suffered due to the transfer of his service, in any court or tribunal or before any other competent authority except on the basis that by reason of the transfer of his services to the State Bank, his employment under the Imperial Bank has or is deemed to have terminated and that he is, therefore, entitled to receive any compensation, pension, allowance or other benefit."

Shri V. P. Nayar (Chirayinkil): I beg to move:

(i) In page 4, *after* line 17, *insert*:

> "Provided that no pension or other benefit granted to any employee to be paid by the State Bank shall exceed a sum of five hundred rupees per mensem."

(ii) In page 4, line 27, *after* "employee", *insert* "except class IV and class III employees".

Mr. Chairman: All these amendments are now before the House.

I would again request hon. Members to send in their lists of amendments as soon as possible, if they have not done it already, because the Speaker had already made it clear that they should do so.

Shri Sadhan Gupta: Clause 7 reflects a very strange attitude on the part of Government. Whereas on the one hand they have indiscriminately guaranteed every kind of pension paid to the pensioners of the Imperial Bank, on the other hand they have tried to take away the protection of the workers, the protection of all the staff of the Imperial Bank including the poorest of the staff, a protection which they may have against any loss suffered due to transfer of service.

We know that many Imperial Bank staff are enjoying pensions. For the poor staff, for the deserving staff, we certainly are for giving pensions. But we also know that there is a number of very highly paid officials, mostly foreigners, who did no service to our country but who are getting pension out of all proportion to any sense of reasonableness or fairness. I understand one particular officer is there who is at the moment getting a pension of Rs. 2000 in England, from the Imperial Bank. We do not know how many there are of that kind. But is it justifiable for our poor country to continue to give a pension of Rs. 2000 for services done to causes which were certainly not our national cause? This is regarding pension. On the other hand, sub-clause (3) of clause 7 completely deprives the officers and staff including the staff who are workmen within the definition of the Industrial Disputes Act, *i.e.* clerks, and what are called subordinate staff, of all rights of suing for compensation if any loss occurs due to the transfer.

It often happens in the course of such transfers that certain anomalies do crop up, and it may be that losses are suffered. I shall give one particular example by which serious losses might ensue. For example, the Bank Award is now under examination by a Tribunal. It may well be that the Tribunal would pronounce its decision regarding the staff of the Imperial Bank, but it may also be that the Tribunal will say that since the staff of the State Bank by reason of the transfer of their services have no right to get compensation, the Tribunal will refuse to pronounce on the rights of the staff of the State Bank. In this way, the staff of the State Bank might suffer grievous loss, which they would not have suffered if they continued to be in the service of the Imperial Bank. Are you going to tolerate this kind of a thing? Are you going to tolerate a situation in which British pensioners get fat pensions, and our poor staff are deprived of their livelihood or a part of it by being deprived of the right to compensation?

The hon. Minister gave it out that the reason for this was to prevent any difficulty arising from the construction of the Act as their services having been terminated with the Imperial Bank. I understand it. If it is said that their services with the Imperial Bank are terminated and therefore they should get all the gratuities, provident funds, pensions etc. and then continue to serve with the State Bank, I could understand that. That is a different thing. But that difficulty is not cured by a radical provision like sub-clause (3) of clause 7, which deprives the staff of the right not only to claim compensation on the ground of termination of service but also on any other ground whatever. If the hon. Minister is really serious in his contention, then I would suggest that he accepts my amendment No. 304, where I have made ample provision to guarantee that compensation on the basis of the termination of service cannot be claimed.

What I have provided in that amendment is very simple. In amendment No. 304 I have said:

In page 4,

for lines 25 *to* 31, *substitute*:

"(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act, 1947 (XIV of 1947), the transfer of the services of any officer or other employee of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State Bank, shall not entitle such officer or other employee to any compensation under any law, and no such claim shall be entertained by any court, tribunal or other authority.

Explanation: For the removal of doubt it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 shall be entitled to claim compensation for any loss suffered due to the transfer of his service, in any court or tribunal or before any other competent authority except on the basis that by reason of the transfer of his services to the State Bank, his employment under the Imperial Bank has or is deemed to have terminated and that he is, therefore, entitled to receive any compensation, pension, allowance or other benefit."

Now, if the Minister is really apprehensive of that kind of thing I think my amendment No. 304 is a complete answer to it and no such claims will come into being. Now, minus that, what does the Imperial Bank suffer? I understand that the clerical staff and subordinate staff of the Imperial Bank do not exceed 13,000 in number. Everyone does not suffer a loss on the ground of an anomaly. Even if we assume the impossibility; even if we assume that the Government will be put to a burden of compensation of, say Rs. 500 each, which is an impossibility, even then the burden on the Government will be a mere Rs. 65 lakhs. In actual practice, if the workmen staff is exempted from sub-section (3) if my amendment is accepted, the burden on the Government would possibily be much less. Why should the Government fear this little burden when they are paying Rs. 20 crores as compensation to rich men and when they are paying Rs. 2 crores as compensation to foreigners to whom we owe no debt of gratitude? That is the point I want to urge. I want the Government even at this stage, and I would appeal to members of the Congress Party even at this stage to accept my amendment No. 304 which provides the Government with all reasonable guarantees against possible pitfalls and yet secures the interests of the poorer staff of the Imperial Bank.

Pandit Thakur Das Bhargava: Sir in this clause the Government have just referred to the managing director and the deputy managing director as also other directors. The view of the Government is that so far as these Directors are concerned they will not be allowed to go on as employees of the new Bank. As regards others their view is that all others will be entitled

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to go on as the servants of the State Bank.

I have seen the new amendment by Shri A. C. Guha and I think he has made it clear that so far as others are concerned they will continue as if the Imperial Bank was being continued and their pay, gratuity, pension etc., etc. will be as before, though still words like: "unless and until his employment in the State Bank is terminated" or "until his remuneration, terms or conditions are duly altered by the State Bank" appear in the amendment.

In putting in these amendments—about 7 or 8 of them,—as I have already indicated, my view is this: that so far as the deputy managing director and the managing director are concerned, I am at one with the Minister in thinking that the pay is too large and the country cannot afford that pay. I want, not only these people, but all the persons under the Imperial Bank who are getting more than Rs. 2,500, or who are getting more than what our Ministers are getting, what the Minister in charge of this Bill is getting should not be continued on those terms. If there are any such servants in the Imperial Bank whose services the Minister wants to be continued, I am against it if they are getting more than what our Finance Ministers are getting. After all these Ministers are at the head of affairs. Nobody in any bank or in the service of the Government, so far as the Finance Minister is concerned, should get more than what the Ministers are getting. I am, therefore, at one with the Minister that, so far as these two persons are concerned, if they do not accept the altered terms—then they should not be continued in service. If there are any other terms which are offered to them and they accept those terms, if there is nothing else against them, there is no reason why they should not be offered these terms and allowed to continue. If they have continued in service and so far done good work, I do not see any reason why they cannot do the same kind of work and continue in service. I can understand that there may be many people—and there are many people in this House and outside—who from the patriotic point of view do their work. This is a public duty and these people may be public minded to do their work in the same way as before. If there is nothing else and the question of pay only is there, if they agree to accept reduced rates of pay provided for them by the Ministry, I do not see any reason why those persons should be asked to go away. At the same time I am quite anxious that not only they, but all others also should be given notices and their pay etc. should now be reduced.

Now, we are speaking of socialistic pattern of society. We know what the Taxation Enquiry Committee said in regard to fixing the ceiling on salaries. In the House also, on a previous occasion when we were discussing Budget and other things, every Member of the House pointed out that the time has come when so far as the pays of these officers etc. are concerned, they should be reduced. I am conscious that it will be difficult to find competent men at the pay which I am suggesting. Why should commercially minded persons with no clamour or paraphernalia of Ministry about them should accept less pay. In the private sector people will be getting much more pay. But, at the same time, if you want to make a beginning and see that even as regards the private sector these scales are ultimately reduced, then this is the time when we should make a beginning.

We remember, when we were thinking about the civil service people etc., at that time in 1947 and 1948, we agreed to give them old terms of pay etc. and we have abided by them. It is generally said, our Secretaries are getting more than our Ministers. This is an anomaly. But this anomaly we have accepted and we are standing by it. If the Rajpramukhs were given very large allowances and other emoluments, so far as they are concerned, we are not going to change our contracts.

In regard to these two persons my humble suggestion is that they and others whose pay is more than Rs. 2,500 should be given alternative terms and if they choose to accept they may be allowed to continue. If they do not accept, let them go away. At the same time I am anxious that, if there are any agreements between the Imperial Bank and these people, I am not for this Parliament exercising the powers of expropriation. In regard to these contracts you are paying every single pie to every shareholder. Then why should we interfere with these contracts. As righteous people, as people who entered with open eyes in the contracts with these people I do not see any justification for now going down and saying: "we will not be bound by the agreements". If they do not agree to the revised terms let them go away. If we have agreed to pay full compensation there is absolutely no reason why we should not pay full compensation. Why exercise these unusual powers in the Parliament. People will think we are not abiding by the contracts entered into by us. I do not care what amount it will come to. My friend just said that a person is getting by way of pension Rs. 2,000 a month. He happens to be a foreigner. At the same time I understand that—last time it was said—that one European was paid, Rs. 1 lakh by way of compensation. Now, when it comes to Indians with whom the Government entered into contracts, they want this compensation may be cut down by the powers of the Parliament. I submit that Parliament should not be a party to a thing like this. When we have entered into a contract, when we are saying that all persons shall have the same rights as if the Imperial Bank had continued, in regard to these few persons we should not adopt an attitude of this kind. It is entirely wrong.

In regard to pensions, etc., I have given an amendment that the words "provident fund" should also be put after the word "pension". It is but fair that there should be no sort of suspicion in the mind of any worker that he will not be paid his full provident fund. Therefore, the words "provident fund" should be there. At the same time, if the House agrees, the word "bonus" may also be there, so that they may understand that by this change of the name Imperial Bank into State Bank they are not losing anything.

I am rather surprised at the phraseology used here. The words are "unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank." If the Imperial Bank was competent to change these terms, and the State Bank by virtue of any right or authority did wish to change these terms. I do not see why these words are necessary. By virtue of the same right and authority which the Imperial Bank had, if the State Bank wants to change them, I have no objection. Otherwise, if the State Bank wants to take new powers and wants to utilise them to the detriment of the workers who are not responsible for this change, I submit that this should not be allowed.

Therefore, I have put in these two amendments. There is one alternative amendment also. Whatever amendment Government likes, it may be accepted.

But the principle, to my mind, is quite clear, that so far as the emoluments, etc. are concerned, there should be no change. If what I am submitting is true, then the amendments of my friend Shri Sadhan Gupta fall to the ground. Because, if there is only a transfer, and the transfer does not effect any change in the emoluments, etc., there is no ground for thinking that there will be disputes. Why should there be any disputes at all when the same things are being continued; and why should any disputes go under the Industrial Disputes Act or to any forum? There is no change. Therefore I say that it is not fair to

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accept the amendments moved by my friend Shri Sadhan Gupta.

He spoke of a gentleman who is getting a pay of Rs. 2,000.

Shri Sadhan Gupta: Pension.

Pandit Thakur Das Bhargava: I am sorry, pension of Rs. 2,000. We are paying not only this pension of Rs. 2,000, but we have paid a very large amount, and the House knows that in England thousands of persons have got pensions. We have paid them willingly (the House is a party to it) out of our Sterling Balances. Some agreement was reached between the Government of India and the Government of Great Britain by virtue of which, after taking some money from us, they have taken the responsibility of paying those people.

Therefore I do not think we should behave in this manner, that we should take away this pension of the man who served the Bank and earned his pension. After he has earned it I do not see why we should be a party to saying that he should forfeit his pension—though it would be different if it is a question of a general nature and all the properties of foreign persons are going to be forfeited for some valid reason. But now that we are not forfeiting any person's money, I am opposed to this proposal that the person should not be paid his pension.

It is quite consistent with my stand that so far as these two or three persons are concerned we ought to behave in a righteous fashion. It is wrong to enter into contracts and then break those contracts deliberately and to provide that they will not be entitled to compensation.

Shri V. P. Nayar: Who entered into a contract?

Pandit Thakur Das Bhargava: I have not understood what my friend has said. He may stand up and say.

Mr. Chairman: The hon. Member might conclude in his own way and need not worry about the interruption.

Shri V. P. Nayar: And in his own time.

Pandit Thakur Das Bhargava: That is all that I wanted to say on this.

Shri V. P. Nayar: My amendments are Nos. 19 and 21. By amendment No. 19 I wish to have a proviso after line 17 as follows:

> "Provided that no pension or other benefit granted to any employee to be paid by the State Bank shall exceed a sum of five hundred rupees per mensem."

I made an effort to find out how many pensioners of the Imperial Bank receive a monthly pension of over five hundred rupees. All my efforts in the Library being in vain, I also wrote to the hon. Minister and this is the reply which I get from him today. I wanted information on the number of foreign pensioners as at present and the total pension paid to them by the Imperial Bank, and also the total yearly expenses incurred on pension by the Imperial Bank. His reply is: "Pensions are paid out of the Bank's Pension Fund and will not be a liability on the State Bank. Details are not available with Government and cannot be readily secured".

I want to focus the attention of the House on this aspect, that when a clause is included in this Bill providing, among other things, for a right of the existing pensioners to get what they are now getting, from the State Bank, I expect that the Ministry will come and give us the details regarding those pensions.

Just now we heard Comrade Sadhan Gupta speaking that a particular officer is drawing a pension of two thousand rupees. We want to know how many others are drawing more than five hundred rupees. We find no justification whatever in granting anybody a pension of more than five hundred rupees. And indeed the Government of India has already accepted this, because I understand that for government service done, the maximum pension prescribed is five hundred rupees. Even a High Court Judge as at present gets only a pension of five hundred rupees.

It may be argued that there were contracts between the Imperial Bank and the pensioners. And you know that there are some pensioners who draw their pensions during a period longer than they were drawing salary while in service. The number of years for which they draw pension would certainly be more than the number of years during which they actually served. There are instances like that.

Shri V. G. Deshpande (Guna): The Health Ministry can improve matters!

Mr. Chairman: It is not their volition.

Shri V. P. Nayar: It is not their volition either. When you take over the Imperial Bank and say it is a State Bank, and when the Government itself has considered all aspects of pension in relation to the Government of India employees and fixed five hundred rupees as the maximum pension, I do not see why Government should not find its way to fix this pension of five hundred rupees here also.

It is not merely a question of fixing the limit at five hundred rupees for future pensions. It can be very easily done, and I do not think there will be any technical difficulty if Government are keen about it.

The more important point is when such measures are brought before the House it is no use their getting away by saying "we do not have the information". First let the Ministry have the information and then inform us and then ask for our vote. Instead of that the Ministry says that the pensions will be no liability on the State Bank. I fail to understand the significance of the words used here; because the wording of this particular sub-clause, that is sub-clause (2) of clause 7 is like this:

> "Any person who, on the appointed day, is entitled to or is in receipt of, a pension or other superannuation or compassionate allowance or benefit from the Imperial Bank shall be entitled to be paid by, and to receive from, the State Bank the same pension etc."

What does it mean? If I am entitled to get a pension from the Imperial Bank and if the State Bank has to pay me, is it not going to be a liability on the Bank? You can put some technical explanation and say that it is not from this fund or from that fund. But here it is very clearly laid down that the State Bank shall pay the liability on the basis of the rates at which he has been drawing till now.

Shri Damodara Menon (Kozhikode): Whose liability should it be then?

Shri V. P. Nayar: It may be argued that it is from the pension funds. Whether it is from the pension fund, this or that fund, what I am keen to have is that no man should get his pension at more than Rs. 500, because otherwise it is an unreasonable and unconscionable pension.

My amendment therefore seeks to introduce a proviso by which the maximum pension will be restricted to five hundred rupees per mensem.

Then there is also the other amendment, No. 21. My reading of the sub-clause leads to some doubt. I am not sure of what it really means, and certainly the wording of that particular sub-clause is unhappy. I want to pose the question this way: what happens to the pending cases? There may be pending cases—I do not know how many—under the Industrial Disputes Act of 1947. Are we to take it that the mere transfer of the Imperial Bank into the State Bank will itself entitle those who are involved in the pending suits to get what may be ordered? That is a point on which I would like the hon. Minister to give us an assurance. This is all I have to say in respect of these amendments.

Shri Keshavaiengar: I rise to speak in connection with my amendment, No. 13, which relates to clause 7 and clause 7 relates to transfer of service of existing officers and employees of the Imperial Bank to the State Bank. As the clause stands, it makes a provision for giving a guarantee to the employees to continue to have their conditions and terms of service and the privileges they are now enjoying Sub-clause (1) reads thus:

> "Every officer or other employee of the Imperial Bank......in the employment of the Imperial Bank immediately before the 19th day of December, 1954, and continuing in such employment on the appointed day shall, as from the appointed day, become an officer or other employee, as the case may be, of the State Bank, and shall hold his office or service therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, gratuity and other matters as he would have held the same immediately before the appointed day if its undertaking had not vested in the State Bank, and shall continue to do so unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank."

I feel that the last two sentences take away what we desire to give by means of this provision. We want to guarantee same conditions and terms by the right hand and by the left hand we take away that. We say it will hold good unless and until these terms are modified and altered by the State Bank.

When we are considering a matter connected with the other section of the Imperial Bank, namely, the shareholders, we are very considerate and we are very anxious to see that they get every kind of consideration and we pay full compensation to them. I want the House to take into consideration the fact that the present status of the Imperial Bank, the way in which the bank's work is going on is also due, to some extent, to the working of these employees. But for the hard work put in by these employees, the Imperial Bank would not have been what it is now today and we would not have had the facility to nationalise this important banking concern in India. It looks as if the Government has some information or notions about the conditions of service in this Bank. It may be that the nature of the work connected with this Bank is certainly not the same as that connected with other ordinary government service. None will deny the fact that the work done in the Imperial Bank is much more arduous and exacting than what it is in other government concerns. In fact, it is a matter of everyday information to us that the banking officials do not leave the office until that day's work is done. I have seen with my own eyes, many a day, the bank's officials working till late at night—seven or eight in the night. Unless they clear the day's task they cannot go home. That is why, I think, there may be some privileges given to them on account of the special nature of the work they are expected to do and the arduousness of the nature of the task.

Apart from that, I want my hon. friend the Minister to give an explanation as to why the employees of the Bank were not consulted at all before the move was made. I think an assurance was given to the employees of the Bank that they would be consulted in good and proper time. If that had been done, I am sure, they would have represented to Government to safeguard the terms and conditions of their service and the privileges they enjoy.

Even considering the future working of the Bank, if the Bank is to function with the prospective additional responsibility that we are likely to entrust to them, I think it is not right that we should do anything to jeopardise the good spirit that these employees bring to bear on their work.

Let us not frustrate their hopes in any way. I am anxious that we should give them an unconditional guarantee of the terms and conditions of service that these persons are now having. As I have already submitted, I have personally begun to doubt whether we have ourselves played into the hands of the vested interests when we see the way in which the question of compensation is being considered, when we go out of the way and give so much consideration to the shareholders. I do not know the reason why we should not give these employees the very ordinary and reasonable request of guaranteeing them the same terms and conditions of service that they hitherto enjoyed. I do not agree with Mr. Gupta as regards pensions, as I learn that there is a Pension Fund out of which the amount is paid. Whatever that be, I do not want to make a distinction between the employees in any manner, merely because they are foreigners. Even with regard to the topmost employees, men of our own flesh and blood, I learn, they have risen to these important posts from the lowest ranks. Such being the case, I do not see any reason why we should grudge them the favourable conditions which they have earned by their labour. I am not for making any distinction or discrimination between the employees, whoever they may be, beyond the interests of the country warrant.

I have got precedents so far as this matter is concerned. When the Air Corporations were taken over by us we gave then an unconditional guarantee of their conditions of service. I do not see the reason why we should not adopt the same procedure in this matter also. I think when freedom was attained, we provided some kind of guarantee to the civil servants and I see no reason why we should make any distinction at all so far as these poor employees are concerned merely because of their lower status than the Princes or the Civil Servants or the employees of the Air Corporations which have been taken over by the State.

Considering all aspects of the matter, I should think we ought to be able to give an unconditional guarantee of service conditions, at least for the present personnel of the staff. Many of them would not come under the category put forward by Pandit Thakur Das Bhargava. Thousands of them would be drawing salaries lower than Rs. 1000 or Rs. 1500. We should not make them feel that we are not willing to give the conditions of service that are likely to be a little different from the conditions we are now having in government service. I would request the Minister concerned to give an assurance that the terms and conditions of their service will not be altered in any manner. Therefore, I move this amendment and request the Government to accept it.

Shri Venkataraman (Tanjore): Both of my hon. friends Shri Sadhan Gupta and Shri Keshavaiengar have, in their anxiety to improve the conditions of the employees in the bank, sought to create some impediments in the enjoyment of the various rights granted in the Bill.

If my hon. friend Shri Keshavaiengar's amendment is accepted, any upward revision of the scales and wages will not be possible. The language would be that until the employment in the State bank is terminated, they will continue in the same scales and grades of pay as when the change over took place. It is legitimate and fair that when the Imperial Bank staff is taken over by the State bank, there may not be a downward revision of wages and scales of pay. If such a thing takes place, the law relating to Industrial disputes will be available to them. It will become a dispute and it would be raised. But, to put a ban on any revision whatsoever is to prevent the possibility of a revision of the scales of pay to a higher grade.

My hon. friend Shri V. P. Nayar raised a doubt as to what would happen in the case of disputes pending between the employees and the Imperial

[Shri Venkataraman]

Bank. I think that is covered by sub-clause (4), which says:

> "If on the appointed day any suit, appeal or other legal proceeding of whatever nature is pending by or against the Imperial Bank, the same shall not abate......"

Therefore, any dispute which is pending before the Conciliation officer or tribunal would not abate by reason of the change over and the State Bank which really steps into the shoes of the Imperial Bank will continue those proceedings and whatever the results of those proceedings would be binding on the State Bank also.

My hon. friend Shri Sadhan Gupta was saying that the employees who come under the definition of workmen should have the privilege of claiming compensation under the Industrial Disputes Act. On the contrary, my little experience of labour shows that whenever a change over takes place, labour is very anxious for continuity of service rather than for compensation. It is in the interests of labour to see that continuity of service is ensured and that the services rendered to the company from which the business is taken over will be counted for the purposes of gratuity, provident fund, pension, etc. This is a more valuable right than the right to claim compensation. If you leave it to the workers or employees themselves, they would value this right of continuity of service far greater than the right to compensation. The clause as it is framed provides that in the case of employees whose services are taken over by the State Bank, their past services would count for all these privileges as pension, gratuity and other matters. Therefore, I think that the clause as it has been framed adequately protects the employees and any change which the hon. Members have suggested would only detract from the advantages granted to them under this Bill and not improve their conditions.

Shri C. R. Iyyunni: My amendment is exactly the same as the amendment of Shri Keshavaiengar. The wording 'duly altered' is there. After all, the insertion of the word 'duly' will not give the right to the employee if there is a change in the conditions or tenure of service. If, as a matter of fact, the Government would effect a change only in consultation with or having regard to the wishes of the employees, then it is all right. It should not be an unilateral affair. If it is going to be an unilateral affair, certainly the employee will be without any power. Otherwise, he will have to go to a court of law to get any kind of redress so far as he is concerned. If on the other hand, the argument of the Government is that their wishes will be taken into consideration and their desires will be consulted, it is all right, even if it is not so stated here. The word 'duly' will have to be altered completely. Otherwise, the whole thing should be taken away. The wording should be, that their conditions should be altered only in consultation with the desire of the employees. If that is not going to be done, it is better that that particular portion is taken away when the company is expected to run for a long time. To the employees who are doing their work properly for a number of years, at least at the time when there is a change over from one hand to another, there must be a confidence that their conditions will not be any worse. The employees must be satisfied about this. One does not know what is going to happen. The employees will be anxious. The Government seem to be so anxious to give Rs. 1,700 and odd to the shareholders though the amount invested is Rs. 500. In such a case, why not at least do this in the case of the employees, especially who are drawing small salaries? Under these circumstances, I submit that this particular portion may be deleted from the clause. If the argument of the Government is that they will not do anything against their interests, there is no complaint. On the other hand, they are going to say that we will consult them. In that case, it must be changed to something else.

Shri S. S. More: Some of the Congress Members who spoke on this particular clause, particularly Shri Keshavaiengar were pleased to say that these words "or until his remuneration, terms or conditions are duly altered by the State Bank" should not be there. I feel personally when a venture transfers hands and the Government is stepping into the shoes of the controllers of the former Imperial Bank of India, the Government which is wedded to the implementation of the Constitution, must have all the powers of levelling up and levelling down. We have promised in the Preamble of the Constitution justice, social and economic. When an effort is being made to nationalise one of the important ventures in the country, the Government must try to implement that part of the Preamble so as to narrow down the gulf between the two categories of our employees who can be described as the fortunate few who are over-paid—taking into consideration the paying capacity of the country—and the unfortunate many who are under-paid. If I am asked to split the whole of the employees of this country into two compartments, I would say the over-paid section and the under-paid section. The smaller the section, the greater are the emoluments and the larger and broader the section, the smaller is the remuneration. There is a tendency, which I regret, on the part of some of our Government Members to give assurances and guarantees to that section which does not need any assurance or guarantee. In the course of the making of the Constitution, we gave certain assurances and guarantees to the most highly paid services, the Civil Services. Here, an attempt is made to give a similar guarantee. But, this guarantee will only ensure to the advantage of the top layer. It will not be of any monetary gain as far as the subordinate services are concerned. I stoutly disapprove of this particular tendency to give guarantees. The real guarantee that we have given to the common man that poverty would be removed as early as possible, we hardly remember. Whenever we undertake substantial measures, we are very particular to repeat the guarantee, as I have said, to our more fortunate fellows in this country. I would say that the term officer has been specially mentioned: an officer or other employee. I cannot understand the significance of the word officer unless you want to appease his ego that he is not like any other employee who can be dismissed, who can be illtreated, or assure him that his special status will be recognised and he will ever be called an officer and not "Other employee."

1 P.M.

Whether highly paid or not, he is an employee. I do agree with Pandit Thakur Das Bhargava that in this country no person, no officer, either in public employment or in the private sector, should get an emolument more than what the Ministers, who are supposed to be rulers of this country, get.

Pandit K. C. Sharma (Meerut Distt.-South): Servants of the people.

Shri S. S. More: They are servants, but in this country some servants have the unusual knack of behaving as the masters of the people.

Pandit K. C. Sharma: Then they would be removed.

Shri S. S. More: Though he talks about removal, he will be the first to submit when such masters order.

My submission is that the Pay Commission and other Commissions, when they paid their attention to the pay structure prevailing in the country, recommended that the gulf between the topmost man and the man on the lowest rung should be narrowed as fast as possible. I need not give you figures when we are discussing this particular clause. But I personally very earnestly think that if the socialist pattern is to be a tangible reality, then we must proceed towards it by firm and definite strides in the immediate future. Otherwise, a shrewed suspicion is growing in the country that this declaration about a socialistic pattern of society was not designed for

[Shri S. S. More]

implementation but was used as a stick to beat the communists within the Andhra elections, to rob them of their thunder and to defeat them completely. As far as that object is concerned, it has been achieved......

Shri A. M. Thomas: Is their armour so hollow?

Shri S. S. More: It is for you to show that it is not hollow and it carries some kernel. But it is by your performance that we shall be able to say whether you meant that declaration in all sincerity. Whenever an opportunity comes your way to reduce inequality, you go out for guarantees to the overpaid staff, to the overpaid rich persons. Take, for instance, the compensation clause, the compensation to be paid to shareholders. While on this particular amendment, I am not talking about that......

Mr. Chairman: We are now on clause 7.

Shri S. S. More: I am only bringing it to the notice of Government. I am not saying in a critical mood. But I am trying to bring to the notice of Government that at least they must be sincere to their own declaration. They must be sincere to the preamble to the Constitution and they should utilise this particular power which they are getting. I would say that they should utilise the powers under this particular section as early as possible and see that no person hereafter remains in the State Bank drawing more than Rs. 2000 as salary and emoluments.

Then, I fail to understand the significance of the word 'duly'. Whatever the State Bank will alter, will be altered according to certain procedure prescribed. The word 'duly' gives me the impression that there is some other way of doing things than 'duly altering'. The word 'duly' is needless. There is also a presumption under the Evidence Act that when a public officer does certain things, he is doing it according to rules and regulations or whatever is pertinent to his office.

Mr. Chairman: This 'duly' might mean, in accordance with the procedure that may be available.

Shri S. S. More: It is a matter of presumption all right under the Evidence Act. Therefore, I feel that the word 'duly' should not be there, because if the word is kept there, it is quite possible that the courts which will be called upon surely to go into this matter, will assume things in the word 'duly' and may say that an act is not done duly.

With these words, I say that I support the provision giving power to Government, but at the same time I do urge upon the Government that this power should be utilised for the purpose of narrowing down the gulf between the overpaid officers who are few and the underpaid officers who are many, whose level shall be raised and the level of those who are on top shall be sufficiently brought down so that there shall be a parity which will finally lead us to the socialist pattern. No mere talk will lead us to the socialistic pattern.

Mr. Chairman: Shri A. M. Thomas.

Shri N. M. Lingam (Coimbatore): I beg to move:

"That the question be now put."

Mr. Chairman: I have already called one Member. After he finishes, I shall put it to the vote.

Shri A. M. Thomas: I am glad that my friend, Shri S. S. More, has taken up a very reasonable attitude.

Shri S. S. More: I am always reasonable.

Shri A. M. Thomas: I feel that clause 7, with the suggested amendment of the Government, should stand as it is. As stated by my hon. friend, Shri Venkataraman, the fears of Shri Keshavaiengar and some other hon. friends are due to the assumption that the power vested in the Government to change the terms of service will only be exercised to their detriment. Normally, we are not going to change the terms and conditions of service to their detriment. That will be seen from the fact that in this very same clause you will find that the managing director and the deputy managing director will not continue as officers of the bank. It has been stated that it is because we cannot afford to pay such high salaries that they are drawing. That itself indicates that with regard to others, we are not proposing to change their terms and conditions of service to their detriment. There is also the other aspect that one day or the other there should be a rationalisation of the pay structure. If you want to effect any rationalisation on the lines suggested by my friend, Shri S. S. More, then power must be there. We know that private firms are now paying fantastic salaries and Government are finding it difficult to get competent person for running their industrial and commercial undertakings. It is because private firms are paying such high salaries. I also think that in the Air Corporation Act we have given similar powers to Government, and after having given those powers, I do not think those powers have been exercised by Government to the detriment of the employees; they have been exercised only to their advantage. So I think there need be no fear entertained on the score that these few lines exist in this sub-clause of clause 7.

Shri S. L. Saksena *rose*—

Mr. Chairman: There is a motion that the question be now put.

Shri A. C. Guha: We have also to keep in mind the time allotted.

Mr. Chairman: If the hon. Member can finish quickly, he may speak.

Shri S. L. Saksena: I want to draw the attention of the Minister to one anomaly. In fact, I have seen it in newspapers that the Government have given an assurance to the shareholders that their compensation will be paid at this rate, and therefore they cannot accept any amendment to that compensation clause. This assurance was given without consulting Parliament. That is a most extraordinary fact. The Government had no right to do so. They have insulted the Parliament by doing so. I hope Government will now give an assurance to the employees also that their rights in regard to their emoluments etc. will not be interfered with or changed for the worse. But sub-clause (3) of clause 7 says:

> "Notwithstanding anything contained in the Industrial Disputes Act, 1947, or in any other law for the time being in force, the transfer of the services of any officer or other employee of the Imperial Bank from that Bank to the State Bank shall not entitle such officer or other employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority".

This is very extraordinary. Here you are denying to the employees the rights which are due to them under your own law, the Industrial Disputes Act. In fact, you give a guarantee to the shareholders, but you do not give any guarantee of compensation to the employees. I think this will not be a very big sum. To deny them the rights which accrue to them under the Industrial Disputes Act is something extraordinary. I therefore only suggest to the hon. Minister that it is their duty to safeguard the rights of the employees. I support the amendment of Shri Sadhan Gupta. It is a very reasonable amendment. It says:

> "......every employee who is a workman within the meaning of the Industrial Disputes Act, 1947, shall be entitled to claim compensation for any loss suffered due to the transfer of his service, in any court or tribunal or before any other competent authority except on the basis that by reason of the transfer of his services to the State Bank, his employment under the Imperial Bank has or is deemed to have terminated and

[Shri S. L. Saksena]

that he is, therefore, entitled to receive any compensation, pension, allowance or other benefit".

I hope the hon. Minister will see to it that he is not charged with the criticism that he was far more considerate to the interests of the shareholders than to the interests of the employees of the bank. I know he has been a life-long revolutionary. He has been an underdog. Probably this consideration has escaped his notice. So this sub-clause should either be removed from the Bill or the amendment of Shri Sadhan Gupta should be accepted. I do not know how Shri Venkataraman, who calls himself to be a supporter of labour, did not see this thing. Employees who do not get their rights, which are due to them, should be able to go to the courts to have them enforced. The clause should be amended in the manner suggested by Shri Sadhan Gupta. I think the Minister himself has given some amendments to this clause, which are very good. He has inserted the word "pension". I want the word "bonus" and provident fund should also be included in the clause. I request the Minister to include these words.

Shri A. C. Guha: I think it will be almost impossible for me to reply to all the points raised by different Members. Some of them are of very fundamental nature repudiating the rights of pensions and other such things. I do not think it is necessary for me to enter into any detailed discussions on these matters. This Bill has got its own limitation. It is not a Bill to repudiate our obligations either to our employees or to pension-holders.

I shall now concentrate more or less on two or three points. I think Pandit Thakur Das Bhargava has suggested the reduction of pay to the level of that received by the Finance Minister. I do not think he is quite serious about this matter, because after mentioning it he has run away because he knows that on that condition a number of posts will have to be kept vacant.

Shri N. M. Lingam: He wanted to know what would happen if some employees opt for the new scales of pay you propose?

Shri A. C. Guha: Surely they will accept that. Then, I should come to the amendment which seeks to delete a few lines from sub-clause (1) of clause 7 at page 4. I think my friend Shri Venkataraman has already replied to this point. It is a general clause, and it is for the benefit of the employees.

Then, I shall come to sub-clause (3). I mentioned on a previous occasion that this will relate only to the technical breach of their service in the Imperial Bank. Shri S. L. Saksena said so many things to the effect that we should not deny them this right, but as Shri Venkataraman has said, if we are denying any right here, we are giving them some other rights, and I am sure every employee of the Imperial Bank will prefer to have this assurance of continuity of service rather than the hypothetical privilege of having some compensation at that date.

Shri S. L. Saksena: It is not a question of termination of service. I wish they may be entitled to whatever compensation is found out to them under the Industrial Disputes Act as a result of transfer of their services to this Bank.

Shri A. C. Guha: It is clearly stated here that this will be only for the transfer. I do not think there is any other point on which I should enter into any discussion.

Shri Sadhan Gupta: There is my amendment No. 304 which has not been replied to.

Shri A. C. Guha: We have examined that point and we feel that our wording is quite good for the purpose and indeed better than the wording put by him. I would say only one word to Shri S. S. More. He feels suspicious about the word "duly". I should say that it might have been something psychological with him to be suspicious. If he becomes suspicious over the word "duly", then I cannot help it.

Shri S. S. More: Your over-confidence is a matter of psychology.

Shri A. C. Guha: It may be that he is unduly suspicious psychologically.

Shri A. M. Thomas: That very word has been used in the Air Corporations Act.

Shri Matthen: On a point of information. Since the present Imperial Bank has got the rights to terminate the services of their employees on three months' notice, what is the change now? The hon. Minister did not clear that point.

Mr. Chairman: I suppose the hon. Members who have moved the amendments know what the fate of their amendments is going to be. Do they want me to put the amendments separately to vote?

Shri V. P. Nayar: In his reply, the hon. Minister did not touch some of the amendments.

Mr. Chairman: Even if that be the case, I do not suppose the result will be different. If the Members allow me, I might put all these amendments together.

Shri A. C. Guha: Amendment No. 304 may be put separately.

Shri T. B. Vittal Rao (Khammam): We cannot put it to the vote now.

Mr. Chairman: I shall now put the other amendments to the vote of the House.

The question is:

In page 4, lines 7 and 8, *omit* "or until his remuneration terms or conditions are duly altered by the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

(i) In page 3, lines 37 to 39, *omit* "(excepting the managing director, the deputy managing director and other directors)"; and

(ii) In page 4, *after* line 8, *add:*

> "Provided that the State Bank shall have full authority to alter the remuneration terms or conditions of service of the managing director, the deputy managing director and other employees drawing a salary of more than two thousand and five hundred rupees and offer them such remuneration terms or condition of service for the future as it considers proper consistent with the responsibilities and functions they are called upon to discharge."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 3, *after* "pension" *insert* "provident fund".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 3, *after* "gratuity" *insert* "bonus".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, lines 6 to 8, *omit*—

> "unless and until his employment in the State Bank is terminated or until his remuneration, terms or condidtions are duly altered by the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 8, *add* at the end—

> "by virtue of any right or authority which the Imperial Bank would have possessed if its undertaking had not vested in the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 8, *add* at the end—

> "In the same way as the Imperial Bank would have done had its undertaking not been vested in the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, *for* lines 32 to 45, *substitute*:

> "(4) In case the managing director, deputy managing director or any other officer drawing a salary higher than two thousand and five hundred rupees a month does not agree to serve on the remuneration, terms and conditions of service on him, his services shall be terminated on the appointed day or such other day as the State Bank appoints in this behalf and he shall be entitled to the compensation from the bank for the loss of office or for the premature termination of any agreement or contract relating to his employment or to such pension, compensation or other benefit which he and the bank may agree upon or in case he and the bank agree to whatever such person would have received as an officer of the Imperial Bank if this Act had not been passed and if he had retired from his employment in the ordinary course."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, lines 7 and 8, *omit*—

> "or until his remuneration, terms or conditions are duly altered by the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 2, *after* "same remuneration" *insert* "including bonus".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 3, *after* "pension" *insert* "provident fund".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, (i) *after* line 17, *add*:

> "Provided that nothing in this sub-section or in any other provision of this Act shall entitle a person who is not a citizen of India to any such pension, allowance or benefit or any portion thereof if the grant or continued grant of such pension, allowance or benefit or portion thereof is unreasonable in the opinion of the Central Government or of the State Bank."; and

(ii) line 18, *after* "Provided" *insert* "further".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, *for* lines 25 to 31, *substitute*:

> "(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act, 1947 (XIV of 1947), the transfer of the services of any officer or other employee of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State Bank shall not entitle such officer or other employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority.
>
> For the removal of doubt, it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 (XIV of 1947) shall be entitled to claim compensation in any court, tribunal or before any other authority."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, lines 40 to 45, *omit*—

"except such pension, compensation or other benefit which the State Bank may grant to him, having regard to what that person would have received as an officer of the Imperial Bank if this Act had not been passed and if he had retired from his employment in the ordinary course".

The motion was negatived.

Mr. Chairman: The question is:

In page 4, *after* line 8, *add*:

"(1A) Notwithstanding anything contained in this Act or in any other law for the time being in force or in any contract, agreement or award, the remuneration payable to an officer or other employee shall not be less than one hundred rupees per month exclusive of bonus:

Provided that in no case the total emoluments paid inclusive of bonus shall exceed eighteen thousand rupees per annum."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, *after* line 17, *insert*:

"Provided that no pension or other benefit granted to any employee to be paid by the State Bank shall exceed a sum of five hundred rupees per mensem."

The motion was negatived.

Mr. Chairman: The question is:

In page 4, line 27, *after* "employee" *insert* "except class IV and class III employees".

The motion was negatived.

Mr. Chairman: The question is:

In pages 3 and 4, *for* lines 37 to 42 and lines 1 to 8, *substitute*:

"7. (1) Every officer or other employee of the Imperial Bank (excepting the managing director, the deputy managing director and other directors) in the employment of the Imperial Bank immediately before the appointed day shall, on and from the appointed day, become an officer or other employee, as the case may be, of the State Bank, and shall hold his office or service therein by the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, gratuity and other matters as he would have held the same on the appointed day if the undertaking of the Imperial Bank had not vested in the State Bank, and shall continue to do so unless and until his employment in the State Bank is terminated or until his remuneration, terms or conditions are duly altered by the State Bank."

The motion was adopted.

Mr. Chairman: The question is:

In page 4, line 11, *after* "Imperial Bank" *insert* "or any provident, pension or other fund or any authority administering such fund".

The motion was adopted.

Mr. Chairman: The question is:

In page 4, line 12, *after* "State Bank" *insert* "or any provident, pension or other fund or any authority administering such fund".

The motion was adopted.

Mr. Chairman: The question is:

In page 4, *for* lines 18 to 24 *substitute*:

"(2A) Notwithstanding anything contained in sub-section (1) or sub-section (2), no appointment made or promotion,

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> increment in salary, pension, allowance or any other benefit granted to any person after the 19th day of December, 1954, and before the appointed day which would not ordinarily have been made or granted or which would not ordinarily have been admissible under the rules or authorisations of the Imperial Bank or of any provident, pension or other fund in force prior to the 19th day of December, 1954, shall have effect or be payable or claimable from the State Bank or from any provident, pension or other fund or from any authority administering the fund, unless the Central Government has, by general or special order, confirmed the appointment, promotion or increment or has directed the continued grant of the pension, allowance or other benefit as the case may be."

The motion was adopted.

Mr. Chairman: I now put Shri Sadhan Gupta's amendment—amendment No. 304—to the vote of the House. The question is:

In page 4, *for* lines 25 to 31, *substitute*:

> "(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act, 1947 (XIV of 1947), the transfer of the services of any officer or other employees of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State Bank, shall not entitle such officer or other employee to any compensation under any law, and no such claim shall be entertained by any court, tribunal or other authority.
>
> *Explanation*: For the removal of doubt it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 shall be entitled to claim compensation for any loss suffered due to the transfer of his service, in any court or tribunal or before any other competent authority except on the basis that by reason of the transfer of his services to the State Bank, his employment under the Imperial Bank has or is deemed to have terminated and that he is, therefore, entitled to receive any compensation, pension, allowance or other benefit."

Shri T. B. Vittal Rao: Voting may be taken afterwards.

Mr. Chairman: Then this amendment and clause 7 will stand over. We can proceed with the next clause.

Clause 8.— (*Existing provident and other funds of the Imperial Bank*)

Shri A. C. Guha: I beg to move:

In page 5, *for* clause 8, *substitute*:

> "8. For the persons who immediately before the appointed day are the trustees of the following funds, that is to say,—
>
> (a) the Imperial Bank of India Employees Provident Fund;
>
> (b) the Imperial Bank of India Employees Pension and Guarantee Fund;
>
> (c) the Bank of Bombay Officers Pension and Guarantee Fund;
>
> (d) the Bank of Madras Pension and Gratuity Fund; and
>
> (e) the Bank of Madras Officers Provident and Mutual Guarantee Fund;
>
> there shall be substituted as trustees such persons as the Central Government may, by general or special order, specify."

Shri A. M. Thomas: Before I move my amendment—amendment No. 194—I just want to ascertain why the Central Government should take the power. Cannot the function of constituting the Board of Trustees be entrusted to the Central Board? This is what is usually done with regard to the other banking institutions. Even in the existing Act, that power is given to the Central Board. I just wanted to know whether the constitution of the Board of Trustees is usually done by the Central Government. That is a minor affair.

Shri A. C. Guha: Even if it is a minor matter, it is better that the Government have control on this matter.

Shri Matthen: After all, the Board is practically the creature of the Government.

Shri A. M. Thomas: I beg to move:

In page 5, lines 11 and 12, *for* "Central Government" *substitute* "State Bank".

Mr. Chairman: Does he want to say anything? I hope he has said what he wanted to say.

Shri A. M. Thomas: Yes.

Mr. Chairman: The question is:

In page 5, lines 11 and 12, *for* "Central Government" *substitute* "State Bank".

The motion was negatived.

Mr. Chairman: I shall now put the Government amendment—amendment No. 269 to the vote. The question is:

In page 5, *for* clause 8, *substitute*:

"8. For the persons who immediately before the appointed day are the trustees of the following funds, that is to say,—

(a) the Imperial Bank of India Employees Provident Fund;

(b) the Imperial Bank of India Employees Pension and Guarantee Fund;

(c) the Bank of Bombay Officers Pension and Guarantee Fund;

(d) the Bank of Madras Pension and Gratuity Fund; and

(e) the Bank of Madras Officers Provident and Mutual Guarantee Fund;

there shall be substituted as trustees such persons as the Central Government may, by general or special order, specify."

The motion was adopted.

Mr. Chairman: The question is:

"That clause 8, as amended, stand part of the Bill."

The motion was adopted.

Clause 8, as amended, was added to the Bill.

Clause 9.—(*Compensation to be given to shareholders of Imperial Bank*)

Mr. Chairman: We now come to clause 9. I propose to take the First Schedule also.

Shri S. S. More: Will it not be better to take clause 9 after the other clauses are dealt with? It can be dealt with at the end along with the Schedule. Instead of being taken direct, why not postpone clause 9 till after the other clauses are done with?

Shri A. C. Guha: The discussion can be carried on with respect to both clause 9 and the First Schedule.

Mr. Chairman: The question is whether we should take the Schedule at this time when we are taking up clause 9 or postpone and defer the discussion on clause 9 until after we finish all the other clauses. That is what was said by Shri S. S. More.

Shri A. C. Guha: It is no use discussing clause 9 without the First Schedule. It is better that clause 9

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and the First Schedule are discussed together.

Mr. Chairman: That is not the point. Discussion on clause 9 would not take place. The discussion would be deferred, if Shri S. S. More's proposal is accepted, until after we have finished the other clauses, if it suits the convenience of the hon. Minister of Finance also, because I was told that he was not keeping good health, but he wanted to be here when this was discussed. I would like to know whether this will be convenient to the hon. Minister.

Shri A. C. Guha: It will be convenient to our side.

Shri S. S. More: It will be more in consonance with the spirit of our Rules of Procedure also.

Mr. Chairman: If the House wants and we decide to take it up just at present, there is no bar to that. But because the hon. Finance Minister is not keeping well, I am looking to his convenience also. If he feels that he will have no objection to taking it up along with the Schedule I shall take it up subsequently. But if he feels......

The Minister of Finance (Shri C. D. Deshmukh): I should not like considerations of the state of my own health to come in the way of the wishes of the House. If they desire that this clause be taken towards the end with the Schedule, I am quite agreeable; I shall make it convenient to be present.

Mr. Chairman: It will be better if he does not feel inconvenient.

Shri C. D. Deshmukh: I shall make it convenient.

Pandit K. C. Sharma: Your good health is also the concern of the House.

An Hon. Member: More than the State Bank.

Shri Sadhan Gupta: The First Schedule is related not only to clause 9 but also to clause 38. Therefore, I think that clause 9, clause 38 and the First Schedule may be taken together.

Mr. Chairman: That we shall consider when we reach clause 38. That might also be held over till we come to the Schedule.

We shall now take up clause 10.

Clause 10.—(*Transferability of shares*)

Shri Sadhan Gupta: I beg to move:

In page 5, lines 28 to 30, *omit*—

> "if such transfer will result in reducing the shares held by it to less than fifty-five per cent. of the issued capital of the State Bank."

Regarding clause 10, what I wish to point out is that it prescribes that the shares would be freely transferable. Sub-clause (2) lays down that even the Reserve Bank can transfer its shares so as not to reduce its holding below 55 per cent. We have already indicated that we do not support this kind of nationalisation. We do not support this idea of the Bank once taking over the shares and then handing them over to the private sector. So, we are strongly opposed to the Reserve Bank transferring any of its shares outside its own holdings. In my amendment I have sought to provide that the Reserve Bank should not be entitled to transfer any shares from its holding.

That is all I have to say on this clause.

Mr. Chairman: Amendment moved:

In page 5, lines 28 to 30, *omit*—

> "if such transfer will result in reducing the shares held by it to less than fifty-five per cent. of the issued capital of the State Bank."

Shri A. C. Guha: This is an amendment which is almost consequential to that moved by the hon. Member to clause 5 (2), for increasing the Reserve Bank holding from 55 to 80 per cent. I do not think we can accept this amendment.

Mr. Chairman: The question is:

In page 5, lines 28 to 30, *omit*—

"if such transfer will result in reducing the shares held by it to less than fifty-five per cent. of the issued capital of the State Bank."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 10 stand part of the Bill."

The motion was adopted.

Clause 10 *was added to the Bill.*

Mr. Chairman: I am afraid we are going at a slow speed and we may find ourselves in difficulty when we reach the end. Therefore, we might quicken our pace. And I would request hon. Members to be brief in their arguments.

Clause 11.—(*Restrictions on individual holdings*)

Mr. Chairman: To this clause there are some amendments. They are amendments Nos. 319, 324, 24, 305, 257, 258 and 259. Amendment No. 319 is a Government amendment, and the other amendments are non-official amendments.

Shri A. C. Guha: The other amendments will be barred.

Shri A. M. Thomas: Amendment No. 319 is in substitution of the entire clause. If Government make their position clear it will be better.

Shri A. C. Guha: The other amendments would be barred except the one in the name of Shri Venkataraman as amendment to this amendment.

Mr. Chairman: The other amendments are to the original clause.

Shri A. C. Guha: This is only a clarification in respect of public and private trusts.

I beg to move:

In page 5, *for* clause 11, *substitute*:

"11. (1) No person shall be registered as a shareholder in respect of any shares held by him, whether in his own name or jointly with any other person, in excess of two hundred shares, or be entitled to payment of any dividend on the excess shares held by him, or to exercise any of the rights of a shareholder in respect of such excess shares otherwise than for the purpose of selling them:

Provided that nothing contained in this sub-section shall apply to—

(a) the Reserve Bank;

(b) a corporation;

(c) an insurer as defined in the Insurance Act, 1938 (IV of 1938);

(d) a local authority;

(e) a co-operative society; and

(f) a trustee of a public or private trust.

(2) Notwithstanding anything contained in sub-section (1), no person referred to in the proviso to that sub-section, other than the Reserve Bank, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent. of the issued capital."

Shri Venkataraman: I beg to move:

That in the amendment moved by Shri Arun Chandra Guha printed as No. 319 in List No. 10 of amendments, in part (f) of the proviso to sub-clause (1) of the proposed clause 11, *for* "private trust" *substitute* "private religious or charitable trusts."

Mr. Chairman: These two amendments are now before the House.

Shri Venkataraman: I shall just explain my amendment. The amendment of Government restricts the

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rights of individuals to hold shares in the State Bank to 200. But the proviso gives exception to that restriction. The Reserve Bank may hold more than 200 shares; any Corporation can hold similarly a larger number of shares; insurance companies, local authorities, co-operative banks and trustees of public or private trusts can hold a larger number of shares. All these categories mentioned in items (a) to (f) relate largely to public Bodies.

Now, a private trust can be for the benefit of the education of a person's children or for the maintenance of his wife and so on and so forth. A private trust is generally created for the purpose of some benefit to the members of a person's family. I submit that it does not fit in with the sort of persons who are exempted from holding shares above the specified maximum.

At the same time, there are other trusts of a public nature, charitable trusts, religious trusts, trusts which carry on educational and other social functions, and they should not be prevented from holding a larger number of shares in the State Bank. I have sought by my amendment to clarify item (f) in the proposed amendment of Government to mean that the protection or saving from holding shares up to a maximum will apply only in the case of such public and private trusts of a religious or charitable nature. Only those trusts which are of a charitable or religious nature can hold more shares than the number 200 prescribed for individuals.

Mr. Chairman: Is his amendment acceptable to the hon. Minister?

Shri A. C. Guha: Yes. Really our purpose was to give this exemption only to the charitable institutions and not to private trusts intended for the benefit of the members of a person's family.

Mr. Chairman: I shall now put amendment No. 319 as modified by amendment No. 324 to the vote of the House.

The question is:

In page 5, *for* clause 11, *substitute*:

> "11. (1) No person shall be registered as a shareholder in respect of any shares held by him, whether in his own name or jointly with any other person, in excess of two hundred shares, or be entitled to payment of any dividend on the excess shares held by him, or to exercise any of the rights of a shareholder in respect of such excess shares otherwise than for the purpose of selling them:
>
> Provided that nothing contained in this sub-section shall apply to—
>
> (a) the Reserve Bank;
>
> (b) a corporation;
>
> (c) an insurer as defined in the Insurance Act, 1938 (IV of 1938);
>
> (d) a local authority;
>
> (e) a co-operative society; and
>
> (f) a trustee of a public or private religious or charitable trust.
>
> (2) Notwithstanding anything contained in sub-section (1), no person referred to in the proviso to that sub-section, other than the Reserve Bank, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent. of the issued capital."

The motion was adopted.

Mr. Chairman: The question is:

"That clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill.

New clause 11A

Shri A. M. Thomas: Sir, I have given an amendment No. 198 adding new clause 11-A.

Mr. Chairman: Should we not take it afterwards?

Shri A. M. Thomas: It goes along new clause 11A.

Mr. Chairman: All right.

Shri A. M. Thomas: I beg to move:

In page 5, *after* line 37, *insert*:

> "(11A) The Reserve Bank shall purchase such shares of the State Bank as are offered to it for sale, at any time, at the issue price or the market value, whichever is less."

I do not think the Government would have much difficulty in accepting this amendment because it is quite necessary having regard to the desirability of having mobility with regard to transfer of these shares. It was stated by several Members of this House, it is desirable that the State should possess as many shares as possible. In any case where a private holder wants to sell the shares to Reserve Bank it should necessarily take it either at the issue price or the market value whichever is less. There is absolutely no risk. It is only an enabling provision and I think the Government will have no difficulty in accepting that provision.

Shri S. L. Saksena: I beg to move:

In page 5, *after* line 37, *add*:

> "11A. No foreigner shall be eligible to hold any share in the State Bank."

Sir, I do not want that the new State Bank should be controlled or even spied upon by foreigners. I want that in the State Bank which is our national bank, we should not give room for any foreign interests. They should not be able to guide our destinies or to control or even to know the secrets of that Bank. Therefore, whatever compensation you may pay to them now, I have no grouse against that and I do not want discrimination against them. But, it is very important that in future, they should not be allowed to come in as shareholders. We should not have any foreigners in any capacity, much less as shareholders in the State Bank and therefore no shares of the Bank should be sold to foreigners.

Shri A. C. Guha: The amendment moved by Shri A M. Thomas would put a compulsory obligation on the Reserve Bank to purchase the shares.

Shri A. M. Thomas: You can say: "The Reserve Bank may purchase".

Shri Matthen: What if it is compulsory?

Shri A. C. Guha: The shares must have some market fluctuation. Even if it is at a low price, then why we should purchase at that time?

Shri A. M. Thomas: I have said: "whichever is low". I do not think there is any danger in accepting that.

Shri A. C. Guha: With regard to the amendment moved by Shri S. L. Saksena, I do not think it is in any way necessary.

Shri Matthen: So, you are opposing it?

Mr. Chairman: A few words may be exchanged occasionally, but a continuous conversation is not permitted.

Shri A. C. Guha: I do not think there is any necessity to put this disqualification on any foreigner. I do not expect that any foreigner would come forward to subscribe to shares of this Bank. If one or two come forward we have no reason to be worried about them. So, I do not think there is any necessity to have this amendment.

Shri Mohanlal Saksena (Lucknow Distt. *cum* Bara Banki Distt.): Does the hon. Minister know that in the

[Shri Mohanlal Saksena]

Bank of England Act there is a provision that no foreigners can hold shares?

Mr. Chairman: Is the hon. Member giving some information or asking some information?

Shri Mohanlal Saksena: I want to know whether the Minister is aware of this.

Shri A. C. Guha: I have no such information. I do not know.

Mr. Chairman: The question is:

In page 5, *after* line 37, *insert*:

> "(11A) The Reserve Bank shall purchase such shares of the State Bank as are offered to it for sale, at any time, at the issue price or the market value, whichever is less."

The motion was negatived.

Mr. Chairman: The question is:

In page 5, *after* line 37, *add*:

> "11A. No foreigner shall be eligible to hold any share in the State Bank."

Those in favour will say: "Aye".

Some Hon. Members: "Aye".

Mr. Chairman: Those against will say "No".

Several Hon. Members: "No".

Mr. Chairman: I think the "Notes" have it.

Shri S. L. Saksena: No, Sir; the "Ayes" have it.

Mr. Chairman: Then it may be held over. But would that give any satisfaction to the hon. Member? He knows the fate of it.

Shri S. L. Saksena: Yes, Sir, the very important.

Mr. Chairman: Therefore, this amendment No. 306 will also stand over.

Clause 12.—*Shares to be approved securities*)

Mr. Chairman: There is no amendment to this clause. I will put it to the House straightaway.

The question is:

> "That clause 12 stand part of the Bill."

The motion was adopted.

Clause 12 was added to the Bill.

Clause 13 (*Principal register of shareholders*)

Shri A. C. Guha: I beg to move:

In page 6, line 3, *for* "shall keep in one or more books a register" *substitute* "shall keep at its Central Office a register, in one or more books".

Mr. Chairman: There is one more amendment No. 199 but Shri Mulchand Dube is not present here. Does the hon. Minister want to explain his amendment?

Pandit Thakur Das Bhargava: It is self-explanatory.

Shri A. C. Guha: I do not think it needs any explanation.

Mr. Chairman: The question is:

In page 6, line 3, *for* "shall keep in one or more books a register" *substitute* "shall keep at its Central Office a register, in one or more books".

The motion was adopted

Mr. Chairman: The question is:

> "That clause 13, as amended, stand part of the Bill."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

Clause 14.—(*Branch registers*)

Mr. Chairman: There is only one amendment No. 200 in the name of

Shri Mulchand Dube who is not here. So, I will put the clause to the vote of the House

The question is:

"That clause 14 stand part of the Bill."

The motion was adopted.

Clause 14 *was added to the Bill*

Clause 15.– (*Trusts not to be entered on the register*)

Shri A. C. Guha: I beg to move:

In page 6, line 25, *for* "No notice" *substitute* "Notwithstanding anything contained in section 11, no notice".

Mr. Chairman: The question is:

In page 6, line 25, *for* "No notice" *substitute* "Notwithstanding anything contained in section 11, no notice".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 15, as amended, stand part of the Bill."

The motion was adopted.

Clause 15, *as amended, was added to the Bill.*

Clause 16.— (*Offices, branches and agencies*)

Shri B. K. Das (Contai): I beg to move:

In page 6, lines 31 and 32, *for* "the central offices of the State Bank shall be at Bombay" *substitute* "the central offices of the State Bank shall be at Bombay and Calcutta".

Shri S. C. Samanta (Tamluk): I beg to move:

In page 6, line 32, *after* "Bombay", *add* "and at Calcutta".

Shri Mohiuddin (Hyderabad City): I beg to move:

In page 6, *for* lines 33 to 35 *substitute*:

"(2) The State Bank shall have six local head offices at such places in India as the Central Government, in consultation with the Central Board, may determine:

Provided that the State Bank may with the approval of the Central Gocernment increase the number of such local head offices in India."

Shri R. D. Misra (Bulandshahr Distt.): I beg to move:

In page 6, line 34, *after* "Calcutta" *insert* "Delhi".

Shri Mulchand Dube: I beg to move:

In page 6, line 34, *for* "and Madras" *substitute* "Madras and Delhi"

Pandit Thakur Das Bhargava: I beg to move:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at the headquarters and sub-divisions of every district in India".

Shri R. D. Misra: I beg to move:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at the headquarters of every sub-division of a district and at the headquarters of every district in India and at other important towns, and the number of such branches shall not be less than four hundred in addition to the branches referred to in sub-section (3)".

Shri Sadhan Gupta: I beg to move:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred

[Shri Sadhan Gupta]

to in sub-section (3)" *substitute* "a branch in the headquarters of every sub-division in India in which it has no branch".

Shri N. B. Chowdhury (Ghatal): I beg to move:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at every sub-divisional headquarter in every district in India".

Pandit Thakur Das Bhargava: I beg to move:

(i) In page 7, lines 8 and 9, *for* "five years" *substitute* "three years".

(ii) In page 7, lines 9 and 10, *omit* "or such extended period as the Central Government may specify in this behalf".

Shri A. M. Thomas: I beg to move:

In page 7, line 14, *after* "Reserve Bank," *insert* "and the State Bank".

Mr. Chairman: All these amendments are now before the House.

Shri N. B. Chowdhury: Sir, my amendment No. 296 is:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" substitute "one branch at every sub-divisional headquarter in every district in India".

The object of the Bill is to extend rural credit facilities. That is the chief object of this Bill. In the very preamble of the Bill it has been provided that it is for the expansion of banking facilities on a large scale and particularly in rural and some urban areas and for other public purposes that this Bill is being enacted in this Parliament. The hon. Minister himself was very enthusiastic about this Bill hoping that it will be a measure to recreate and rejuvenate rural life. Sir, you know it is the sub-divisional headquarters that provide links with the villages and there are as many as 5·6 lakh villages in the country If we are to cover these rural areas and to save these villagers from the clutches of the money-lenders to save these 'born slaves' to use the expression of the hon. Minister—it will be necessary to provide at least one branch in every sub-divisional town. It has been stated in this sub-section (5) of clause 16 that at least 400 branches would be set up within five years or such extended period as the Central Government may specify in this behalf. Even these five years is not a specific period; it may even be extended. In this context we want that there should be a specific provision that there should be at least one branch in every sub-divisional town, so that Government may take adequate steps for setting up one branch in every sub-divisional town.

Otherwise we do not think that much will come out of this measure, and Government will go slow and there would not be efforts to the extent necessary to make adequate provision for the extension of rural credit to the villagers in this vast country.

Mr. Chairman: Pandit Thakur Das Bhargava.

Shri Balakrishan (Erode—Reserved—Sch. Castes): I have an amendment, No. 260.

Mr. Chairman: That has not been indicated so far. The Speaker had already said in the morning that Members should give the numbers of the amendments that they wanted to move. I have not got his amendment in the list.

Pandit Thakur Das Bhargava: I have proposed four amendments, Nos. 27, 97, 28 and 29.

My amendment No. 27 reads like this:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at the headquarters of every district in India".

And I have put in amendment No. 97 to indicate that at least in every sub-division there should be one branch.

And then, for 'five years' I propose to substitute 'three years'.

At the same time, I want that the words 'or such extended period as the Central Government may specify in this behalf' should be omitted.

My humble submission is this. According to what we read in the Rural Credit Survey Report and what we heard from the hon. Minister, to me it seems that the salvation of the rural people now lies in the accelerated working of this Bill. If this Bill is passed and it takes five years to establish branches even in sub-divisions, I do not have much hope so far as the rural people are concerned.

The hon. Minister himself stated and in this Report, in Chapter X, we read, that the matter is most urgent, and it was said if any damage is being done, the damage will never be repaired. I know that thousands—not thousands, but crores of people—are waiting for this blessed Bill to come in the form of a rain to parched land. If all the peoples are expecting this, why is the hon. Minister denying this facility to them? He wants to take five years. I understand that two hundred branches are already in existence. Does it mean that only four hundred branches are going to be opened? What time will it take to reach the sub-division? And what time will it take to reach the villages? It will take another five years to have all the organisation so that the craftsmen or the villagers will get the benefit of this.

Shri A. M. Thomas: Four hundred branches *in addition*.

Pandit Thakur Das Bhargava: That means only six hundred branches. When we were arguing in the first stage, some people wanted that we should have ten thousand branches. Ours is a very big country with five lakhs of villages. If you want that it should reach every villager. every craftsman, every landless person—the idea is that it should reach—I think speed is the essence of the whole proposal.

Shri Matthen: But is it practical politics?

Pandit Thakur Das Bhargava: Why can't have two hundred branches more?

Shri Matthen: What about the personnel?

Pandit Thakur Das Bhargava: If you cannot get the personnel in three years, you will never get it. There are so many people who are idle, in every Exchange you find so many people idle. Can you not train these people in six months? Put them as apprentices in the various banks of the country. (*Interruption*).

Mr. Chairman: Order, order. Let it be settled through me.

Pandit Thakur Das Bhargava: My friend is really giving me the reply on behalf of the Minister.

Shri Matthen: Certainly not.

Pandit Thakur Das Bhargava: I am not saying that you are officiating, but this will be his reply.

Mr. Chairman: May I appeal that there should not be this conversation?

Pandit Thakur Das Bhargava: When an interruption comes it is difficult not to reply to it.

Mr. Chairman: If the hon. Member keeps his face towards the Chair, there will be no difficulty.

Shri A. C. Guha: Sir, the hon. Member would say the same thing when he is in the Chair!

Mr. Chairman: Yes, he would pull me up. But now he is there!

Pandit Thakur Das Bhargava: That may be perfectly true. But if my hon. friend was here he would have raised all these objections much more vehemently. And if I were there in his place I would not make these replies which he now makes.

Anyhow, there is no dispute between us, between this side and that side, between any Members on this point. We are all anxious that the benefits of this Bill must be taken to the people not as soon as convenient but as soon as possible. When I say three years—I have purposely said three years—let him accept at least this mild amendment of mine. Within three years let it be done. I am not proposing anything which is very exaggerated or objectionable. Two hundred branches are there. And for all districts and all sub-divisions the branches will not be more than four hundred, ordinarily speaking. But I want that the time-limit should be only three years, not five years. At the same time, the extension should go. This gives me a further headache. If he wants to have "within such extended time" as it is possible, my own feeling is that they may extend the time also. When he himself says five years, why does he have this loophole for himself?

I would respectfully ask him and with all the force at my disposal lay at his feet all the emphasis that we Members on this side can give, that he should accept this amendment of three years. If he does that, not only will fears be allayed but there will be such a peal of praise for him and at the same time such a roar of gratitude for him that he will feel that he has done the right thing. If he does not accept it, let him at least say.

Shri Jhunjhunwala (Bhagalpur Central): No, he should accept it.

Pandit Thakur Das Bhargava: I understand he is going to accept it. but I want that he should at least say that he will do all that is possible for him to see that within three years so many branches are opened, and also that these words are taken away which give us so much disappointment, namely the words "or such extended period as the Central Government may specify in this behalf".

Mr. Chairman: I can assure him that the hon. Minister will be ready to say that he will do all that is possible for him.

Pandit Thakur Das Bhargava: I will be satisfied. Because I do not take him as any ordinary Minister. I would not question that he may or may not carry it out. But if Mr. Guha says, I am sure he will carry it out. Therefore, if he says that it will be quite satisfactory.

Shri S. S. More: Is it not discriminatroy about Ministers?

Pandit Thakur Das Bhargava: My friend discriminates between Member and Member.

Shri S. S. More: But I am not in office.

Mr. Chairman: Now we should proceed with the discussion.

Pandit Thakur Das Bhargava: What I am saying is my amendment is not formal. I feel it. I would like that he accepts it. If he cannot, he should at least say that he will do his very best.

Shri Achuthan (Crangannur): In this clause I find a number of amendments which deal more with the location of the head office and reduction of the maximum period of time within which branches are to be opened and, lastly, on the point that every district should have a branch.

Who is against it? As soon as it is passed. the State Governments will come into the picture. The State Governments are the authority to assess the necessity and the urgency with regard to all the districts concerned, where branches must be opened, what are the potentialities and all that.

Even now there is a minimum fixed. Within five years there must be at least four hundred branches opened. I think that is sufficient for our purpose. Moreover, the State Governments are there. They will not keep quiet. Suppose I want a branch in my headquarter. The people, the villagers will press the State Governments. There are the commercial interests. They will all press the State Governments and the authorities and establish a case for the Central Government or the State Bank to open a branch as early as possible where they want.

One other point which I have to say is with regard to the Head Office. They say that the Central Office is to be at Bombay. What is the particular reason that it should be at Bombay when we are building here a building for the head office of the Reserve Bank of India. What is the primary reason for having its headquarters at Bombay? It is, of course, better that the head office is at Delhi and the important branches at Calcutta, Madras and Bombay so that there may be complete direction from Delhi with regard to all these branches. I think the Government have got power with regard to many matters. I am sure Mr. Guha will see to it that the headquarters of the State Bank is located at Delhi.

Mr. Chairman: Seth Jhunjhunwala.

Shri Jhunjhunwala: Sir, I am not a Seth.

Mr. Chairman: I had previous recollections, perhaps.

Shri S. S. More: He is sitting in the seat of Seth Govind Das.

Shri Jhunjhunwala: Seth Govind Das has also relinquished his title.

Mr. Chairman: Sir, I strongly support the amendment put forward by Pandit Thakur Das Bhargava. If there is anything which I feel most and which I think is going to do any good to our country, is that rural credit should be spread throughout the whole of India as soon as possible. Pandit Bhargava has given three years' time. I think this is also too long. My hon. friend Mr. Mathews sitting behind me......

Shri Matthen: Matthen, not Mathews.

Shri Jhunjhunwala: ...... Mr. Matthen is just asking where is the personnel. I was surprised at it. He has got certain people in his mind and he thinks that only those persons can be the personnel and nobody else. (*Interruption*). If the Government tries to find out the real personnel and pay them properly, they will be available. The personnel which Sri Matthen has in view will be no good for the purpose. It is only with strong determination of doing it as soon as possible that the Government can realise the object. As three years' time has been proposed by Pandit Thakur Das Bhargava, I have not given any amendment to that for less period, I support it. I think, the Government should have absolutely no hesitation in accepting three years and that should be regarded as the maximum and the Government should not come forward to say that they will extend the time. If with this target the Government starts then we can understand that they have got the real intention to spread credit facilities in the villeges which stand in dire necessity. Delay will hamper development progress.

Shri Balakrishnan: Sir, I am sorry that I was not in time in sending in the number of my amendment, but, anyhow, I am thankful to you for having given me an opportunity to speak. The main business of this Bank is to facilitate credit in the rural areas. Otherwise, this Bill will be really a change of denomination of the Imperial Bank. There must be a proper institution in the rural areas to give credit facilities to the farmers. I think you are gonig to entrust this work to the co-operative societies.

[Shri Balakrishnan]

Much criticism has been rampant regarding the working of the co-operative societies. Too much of formalities are being adhered to by the co-operative societies. It is not an easy thing to get credit facilities from co-operative societies. First of all one man has to come forward to organise a co-operative society. Then, at least 15 persons must join together to put in an application for the registration of the society. Even for registration of the society, it will take months and months. Even after registration there is a lot of delay in sanctioning the loans. The need of the farmer for a loan is urgent. The farmer needs loan seasonally and unseasonally. He needs a loan during the cultivation period and during harvest also. During the cultivation period he wants money to purchase manure, seeds and agricultural implements. During harvest he wants money because at that time he cannot sell his produce in the market which would be low. But when he needs money, the co-operative bank makes delay; they observe a number of formalities.

I must support the amendment that at least 50 per cent of the branches should be opened in the rural areas so that they can be utilised by the rural people. The farmer needs loan urgently. There are three factors in a loan. First of all, the loan must be prompt. Otherwise, there is no use in having a loan. Secondly, the loan must be elastic; and, thirdly, the loan must be sufficient; otherwise there is no use.

An Hon. Member: What about realisation?

Shri Balakrishnan: In that also.

In the co-operative banks, they are not observing these principles. So, I request the Minister to accept this amendment. We are going to have as many as 400 branches in different parts of the country. This is not sufficient. My amendment was that at least 1000 branches should be opened; otherwise, it won't be sufficient. This amendment is reasonable and I ask the Minister to accept it.

Shri Mohiuddin: My amendment is 307. I have proposed that sub-clause (2) of clause 16 should be deleted, and the following be substituted for it:

> "(2) The State Bank shall have six local head offices at such places in India as the Central Government, in consultation with the Central Board, may determine.
>
> Provided that the State Bank may with the approval of the Central Government increase the number of such local head offices in India."

The purpose of my amendment is this. We are entering into a new field of credit, that is rural credit; the Imperial Bank has had no experience of rural credit so far. When we are entering into a new field it is of essential importance that the local boards or regional boards, by whatever name you call them, should have close contact with the local conditions prevailing in the various regions of the country where this new system of rural credit is being introduced.

At the present moment there are 3 local head offices at Bombay, Calcutta and Madras; and, perhaps, there is what is called a sub-local head office at Kanpur. But, if the rural credit organisation is to prove effective and if it is to function on sound lines, it is necessary that the policy-making powers of the State Bank of India should have as close a contact with the people and conditions as possible. I, therefore, suggest that the number of local head offices should be increased to 6 so that the work of organising credit in the rural areas may be more speedy and may be done on sound lines.

2 P.M.

The hon. Minister may say that clause 2 of the orginal Bill itself provides that the local head offices may be established in such other places as may be determined by the

Central Board in consultation with the Central Government. That is all right so far as the future is concerned. But, in order that we may make a good beginning, I suggest that a minimum of six local head offices should be decided upon. I hope that the Minister will have no objection to accept this amendment.

Shri Satyendra Narayan Sinha: (Gaya West): I rise to support the amendment moved by my hon. friend Pandit Thakur Das Bhargava. I think the hon. Finance Minister should have no difficulty in accepting this amendment. There is considerable force in what Pandit Thakur Das Bhargava has said. If the Government are keen to expand the credit facilities, they must open branches in every subdivision at any rate within a target of 3 years. That would show the Government's earnestness and sincerity, and the credit facilities will be placed within the reach of the people in the rural areas. What we have found is that the Government are providing so many facilities, but, these facilities do not reach the poor people, the rural people. Take, for instance, the takkavi loans; these loans are meant for the needy. What we find is that the needy people are pushed out of the queue by the powerful people. These loans are actually secured by sheer influence. Likewise, in the case of rural credit facilities, the Bank has to see that these facilities are really availed of by the really needy people and not by those who are powerful and influential, who have got pull and who can easily reach the district headquarters. I think that it is in the fitness of things that Government should accept the amendment of Pandit Thakur Das Bhargava.

Shri Tek Chand (Ambala-Simla): I rise to oppose the amendment of Pandit Thakur Das Bhargava but on totally different grounds. I feel that it has not been realised when this measure is being debated, that credit facilities are not an unmixed blessing. I consider it positively bad to pander to the wasteful propencities of the rural people in whose hands, if you put funds, they are apt to be wasted. Extravagance and waste is very baneful. It is all very well to place funds in the hands of the rural population on the pretext that they need it for rural development, money over which the Bank will have no control after it parts with it. That is to say, there is going to be no guarantee that the money that is being advanced on the pretext of giving credit facilities, is not going to go ultimately to the booze vendors or in so many other wasteful modes well known to the rural population. They have not yet developed a proper perspective. If the money goes into their hands easily, my fears are that that money is not going to be utilised for the purpose of progressive development. It will be money not for the purposes of investment. The danger is that it is going to be utilised for the purpose of consumption. By all means, provide as many branches of the State Bank as there are villages in this country. What will happen to the future picture that is going to follow as to realisation and recovery does not seem to have been examined.

Shri Satyendra Narayan Sinha: Is he opposed to the expansion of the rural credit facilities?

Shri Tek Chand: So long as you have a limited number of branches, there will be greater supervision by proper trained personnel in advancing the money to the needy people and not to every applicant and in the matter of recovery and realisation there will be no great trouble. There is going to be trouble, but the scope is going to be of a restricted and limited nature. My fears are that the wasters will flourish, undeserving people will get the loans and the State will be the sufferer as there will be no way of recovery of the loans. Rural credit facilities are very desirable for the purposes of investment, for the purposes of betterment. But, there is always a limit. Beyond that limit, there is danger for the receiver of the loan as much as for the lender.

Shri Matthen: I am really sorry that my unfortunate interruption has led to some misunderstanding.

Pandit Thakur Das Bhargava: There is absolutely no misunderstanding.

Shri Matthen: I am entirely as one with him and I do not yield to any one in my desire for the propagation of thousands of branches all over India. In fact, I say it is the fault of the Government and the Reserve Bank that they have not circulated the report of that Committee of Directions, which is the best document that we have received since Independence,—I would rather place it much higer than a document, it is even bigger than the Hirakud dam or the Damodar valley dams—because the future of India which has a pre-eminently rural economy, depends on the implementation of the recommendations of that report. These recommendations, if properly implemented. will raise the standard of living of the masses of India than anything else. I am at one with him that there should be more branches. My fear was this. This is a new field. The Imperial Bank and their present staff, as I said the other day in my speech, will be misfits in this new scheme. There ought to be trained personnel who know rural India. After all, what do they do in the Imperial Bank? They know commercial banking and they have Government patronage and the traditions of anti-national policy. The new personnel should be trained. That is the only thing I meant by the interruption.

As regards this amendment, my humble suggestion to my hon. friend Pandit Thakur Das Bhargava is not to insist on 2 years or 3 years. It takes time to prepare. I am for deletion of the words, "or such extended period as the Central Government may specify in this behalf". I am entirely at one with him. You may give a chance to prove their *bona fides*. I also expect the Reserve Bank to distribute this report. I got it only yesterday. I will request all Members to get a copy and read it during the recess. It is a very valuable document.

I do not agree with Shri Tek Chand.

Pandit Thakur Das Bhargava: Shri Tek Chand should read that report.

Shri Matthen: He is a very good lawyer. But I cannot hold his knowledge of rural economy on the same level as his legal acumen. I would rather waste 50 per cent of the advances to the rural population. We have wasted crores of rupees; they have gone by the drain. Instead of following the policy of the Imperial Bank, a policy of approved securities, trustee securities, tabooing immovable property, I would rather waste 50 per cent and take immovable property. I have no quarrel with my hon. friend the Finance Minister. The people in the Imperial Bank have only understood the policy of the old Imperial Bank, an anti-national policy which they are copying in this Bill. I shall come to that later on. I would like to utter a note of warning to Shri Tek Chand. I am sorry, he said something, the implications of which he has not understood.

My hon. friend Shri Achuthan said that the head office may be removed from Bombay to Delhi.

Shri Achuthan: Only a suggestion.

Shri Matthen: The Reserve Bank and the new State Bank are organically connected not only in policy, but in working also. They have to be in the same place. There is no denying that.

It is not a question of a big building; it is not a question of building at all. This bank is wholly directed and controlled by the Reserve Bank. So both have to be at the same place. There is no other suitable place for this than Bombay for reasons more than one.

As for extending regional offices, I perfectly appreciate that it is desirable to have more than three regional offices because the regional offices alone will be able to feel the pulse of the development of the rural population. Therefore, there should be more regional offices than the three urban regional offices of Madras, Bombay and Calcutta. I am thinking of the rural side, rural banking, which you are going to develop, which is the vital part of this Bill. So it will be desirable to have six or seven or ten or even twelve—I do not mind—regional offices with proper men, not the Imperial Bank officers—they are no good. People who have studied the rural economy, who have studied co-operative banking principles should be there. I quite see the difficulty of getting such men. But I do not want men to be appointed to these posts just to solve the unemployment problem. What is the good of taking people who do not know what they have to do? That is all I have to say.

Shri S. L. Saksena: I support the amendment of Pandit Thakur Das Bhargava. I am really surprised that even today we should think three years to be too short a time, and should think in terms of five years or seven years or ten years. I want to give you an illustration of what happened in China. In 1950 after the present Government, came in power on October 1st 1949, that country was absolutely without any bank. They had no Central bank whatever. They had their first bank in 1950 when inflation was so great that the value of money fluctuated, from morning to evening. But in four months the Central Bank of China created by the new Government not only conquered inflation but in the last five years it has advanced Rs. 600 crores to the rural population, that means 6 *arabs* of rupees. We are thinking in terms of 1 *arab* rural credit in our Second Five Year Plan. They advanced this money for agricultural work by the rural population in time of need. We should not think that three years is a short time. The world is moving fast and it will not wait for us. I think we should think how fast the world is moving. I know there are millions of people who are unemployed. The country has got so many educated people. Can't we have these educated people as personnel for our branches? Can't we have a new method of training them quickly and thus solve out problem of personnel for these branches. This will also provide employment to many educated unemployed? I think we should see that this amendment is incorporated in this clause. If we want to do something serious to provide rural credit, we must do it not in ten years but in one year, in two years and at the most in three years. I know in my district of Gorakhpur alone thousands of people died of starvation in 1952. Afterwards, Government rushed several thousand tons of food per day. If they had been provided with timely financial help, they would not have died and so many lives would have been saved.

So I think this is a very important thing and we should not think in terms of solving this question in five years and ten years. It has to be tackled as early as possible, much faster than we now propose. I hope Government will accept the amendment and implement this as early as possible.

Shri Sadhan Gupta: I have moved my amendment No. 96, which I think, is substantially the same as that of my friend, Shri N. B. Chowdhury's, No. 296. Now, we are told that this Bill is for the purpose of advancing credit facilities to the rural areas. And yet, what has been provided for is the establishment of 400 branches. While I am quite conscious of the previous provision of 'not less than', that is to say, 'not less than 400 branches', we know that when it comes to the establishment of the branches, these words 'not less than'

[Shri Sadhan Gupta]

conveniently disappear, and even out of 400. 100 or 200 may disappear. Therefore, it is absolutely essential that we should make some provision by which we will approach somewhere near providing rural credit facilities. We are told that there are five lakh villages in India. What are these 400 branches worth when you have to provide credit facilities for five lakh villages? Therefore, what we have asked for is to extend the branches to every sub-divisional headquarters in this country.

You know that if you want to extend credit facilities, you must go to the sub-divisional towns. The small villager does not come for credit to the district town. The nearest town he can think of is the sub-divisional town, and he cannot be expected to go further. Therefore, unless you have a branch in every sub-division, you can hardly expect credit facilities to percolate into these villages.

Secondly apart from the credit aspect, it is obvious that if we want to carry on our developmental expenditure, we have to get control of some savings of the rural areas. Today the rural people have hardly any institution where they can put their savings, where they can deposit their savings. The postal savings bank is absolutely useless for this purpose because of the stringency of the rules which they follow. The difficulty that the postal savings bank creates in paying money on account of slight differences in signatures and so forth is an absolute bar to the utilisation of the postal savings bank by the villager. Therefore, we want commercial banking facilities to be extended to the villager. The experience of the last war has revealed to us very well how avidly these facilities are availed of in the rural areas. During the last war, many banks were floated; they went to the rural areas and took a considerable amount of savings. It is unfortunate that these banks were mushroom growths and came to grief and, therefore, many villagers had suffered loss on that account. But we cannot say the same thing about the State Bank. If a bank like the State Bank were to establish branches to attract rural savings, I think a considerable amount of savings would be collected provided the proper conditions are created. That is why we want branches to be established not only in every district but in every sub-divisional town in India.

श्री आर० डी० मिश्र : सभापति महोदय, मैं ने दो एमेंडमेंट्स इस क्लाज के बारे में मूव की हैं। मेरी पहली एमेंडमेंट जो नं० २ हैं इस में लिखा हैं कि कलकत्ता के आगे दिल्ली इस में और जोड़ दिया जाए। इस एमेंडमेंट का मंशा यह हैं कि अब जब हम इस एक्ट को बना रहे हैं तो तीन आफिसिस के बजाये चार आफिसिस होने चाहियें। इस का खास कारण यह हैं कि जब रूरल क्रेडिट सर्वे कमेटी की रिपोर्ट के मुताबिक हम देहातों में बैंकिंग फैसिलिटीज पहुंचाने के लिए तैयार हैं तो जो हिन्दुस्तान का इंटीरियर पार्ट हैं उस में इस का एक हैड आफिस न हो यह मेरी समझ में नहीं आता। पहले यहां पर जो तीन प्रेजीडेंसी बैंक्स थे उनको एमेलगमेंट कर के यह इम्पीरियल बैंक बनाया गया। उन के तीन हैडक्वार्टर थे, बम्बई, मद्रास और कलकत्ता में और यह तीनों भारत की सरहद पर वाक्या थे और बाकी के तमाम हिन्दुस्तान के भीतर जो हिस्से हैं उन हिस्सों में इसका कोई बड़ा दफ्तर नहीं था। अब जब हम देहातों में उस बैंक को ले जाना चाहते हैं तो मेरी यह गुजारिश हैं कि इस का एक हैडक्वार्टर दिल्ली में भी होना चाहिए। यह बात खास तौर पर इस लिए भी जरूरी हैं कि रिजर्व बैंक का एक हैडक्वार्टर यहां पर हैं और उसके इस बैंक में ५५ फीसदी हिस्से भी होंगे, इसलिए दिल्ली में कम से कम एक हैडक्वार्टर इस का जरूर होना चाहिए। इस हैडक्वार्टर के अलावा अगर आप और कहीं भी हैडक्वार्टर खोलना चाहें तो आप खोलें, मुझे कोई एतराज नहीं हैं लेकिन एक हैडक्वार्टर दिल्ली में जरूर होना चाहिये।

मेरी जो दूसरी एमेंडमेंट है वह है नं० ९५ । इस एमेंडमेंट का मंशा यह है कि इस बैंक की एक एक ब्रांच हर एक सब-डिवीजन में जरूर कायम की जाय अलावा जिले के हैडक्वार्टर के कि जहां पर इम्पीरियल बैंक की अब तक शाखायें नहीं हैं और यह जो नई ब्रांचिज खोली जायें वह उस मौजूदा तादाद से जो इस वक्त है और ४०० ब्रांचिज से कम नहीं होनी चाहियें। इसकी एक खास वजह यह है कि सब-डिवीजनल हैडक्वार्टर गांव के बीच में वाक्या होता है और वहां पर गांव वालों को वह सहूलियतें मिल सकती हैं जो बैंक पहुंचाना चाहता है । अभी भाई टेकचन्द साहब ने यहां पर कहा कि देहातियों के ऊपर रुपये की जिम्मेदारी नहीं डालनी चाहिए, क्योंकि ऐसा करने से रुपया मारा जायगा । उन्हें यह मालूम नहीं कि बैंक का काम किस तरीके से होता है । बैंक में जो रुपया जमा होता है उसमें से ही रुपया दिया जाता है । इम्पीरियल बैंक में जो २११ करोड़ रुपया है वह शेअर होल्डर्स का नहीं है । वह रुपया तो जमा करने वालों का है । जब आप किसी सब डिवीजनल हैडक्वार्टर पर बैंक खोलेंगे, तो उस इलाके के लोगों के पास जो फालतू रुपया होगा उसको वह उस बैंक में जमा करेंगे, उसको महफूज रखने के लिए और उससे थोड़ा मुनाफा उठाने के लिए । उसी रुपये को वहां के कोआपरेटिव बैंक्स के द्वारा किसानों को दिया जायगा । उनकी जमानत के लिए तो कोआपरेटिव बैंक्स मौजूद से रहेंगी । जब किसानों को रुपये की ज़रूरत होगी तो उन्हीं का रुपया उनको दे दिया जायगा । वहां पर व्यापारियों का रुपया नहीं जायगा । अगर गवर्नमेंट अपना रुपया वहां पहुंचावेगी तो उसको भी मुनाफा होगा । इसलिए जरूरत इस बात की है कि हर एक सब डिवीजन के हैडक्वार्टर पर इस बैंक की एक ब्रांच होनी चाहिए । मेरे जिले में चार डिवीजन हैं । तीन में बैंकें मौजूद हैं । एक में नहीं है । उस इलाके के लोगों को यह सहूलियत क्यों न पहुंचायी जाय । इसलिए जरूरत इस बात की है कि हर तरफ के गांव वालों के लिए डिवीजन के हैडक्वार्टर पर बैंक कायम विया जाय ताकि उसमें गांव वाले अपना रुपया जमा कर सकें और जो कोआपरेटिव बैंक उस इलाके में कायम हों वे भी उसमें अपना रुपया जमा कर सकें, और उसी में से रुपया ले भी सकें ।

अगर आप इस बात को नहीं मानते हैं तो इस रिपोर्ट का होना और इस एक्ट का बनाना सब बेकार बातें हो जायंगी । रूरल क्रैडिट सर्वे की रिपोर्ट पर अगर कोई सबसे पहला कदम हो सकता है तो वह यही कि हम इस बैंक की देहाती क्षेत्र में ब्रांचेज कायम करें और उत्तरी भारत में इसका हैड आफिस दिल्ली में कायम कर दें जैसा कि रिजर्व बैंक का भी कायम है ।

इतना कह कर मैं अपने दोनों अमेंडमेंट्स को पेश करता हूं और उम्मीद करता हूं कि मिनिस्टर साहब मेरे अमेंडमेंट्स को मंजूर कर लेंगे ।

Shri B. K. Das: My amendment No. 92 refers to the central office of the Bank. The central office of the Bank is now functioning from Bombay as well as from Calcutta. The commercial importance of these two cities is well known and when this State Bank comes into existence, the commercial importance of these Banks will not also be any the less. From that point of view, the existing arrangements should not be altered. Further, as so many branches will have to be opened in the rural parts also, it is necessary that the central office should function from these two places—Bombay and Calcutta. The branches in the eastern zone will be well looked after if the head office is located at Calcutta also. I think the existing arrangement whereby the central office is functioning both from Bombay as well as from Calcutta should not be altered. I hope that the hon. Minister will accept my amendment.

Shri S. C. Samanta: I cannot understand why the existing system of the location of the Imperial Bank as regards its head office has been changed in this Bill. We would like to know

[Shri S. C. Samanta]

from the Minister the reason for this change because these two Offices were functioning for six months at Bombay and for six months at Calcutta. They were functioning well. So many things have been retained as they are but the location of the central office has been disturbed. So, I would request the hon. Minister to give us the grounds on which this change is sought to be effected. If they are not reasonable, I would request the Minister to see that these two places are retained.

Shri A. C. Guha: The several Members who have spoken on this clause have mainly concentrated their attention on the location of the head office, the number of branches to be opened and the number of local head offices. Among these, I think the most important item is the number of branches to be opened. Some Member, I think, has suggested that every *tehsil* should have a branch of the State Bank. Another Member has suggested that every sub-division should have a branch of the State Bank. I can only presume that the hon. Members have not taken any account of the number of sub-divisions and *tehsils*. I cannot make any venture about the number of *tehsils*. The number of sub-treasuries would, I think, be near about 1,400 or 1,500, where the Imperial Bank has not got any branch. So I do not think the hon. Members would suggest that the State Bank, within these four years, should open branches in all these area. The number, as has been put in the Bill, is "not less than 400" That number has been taken because at present there are 100 district towns and 300 sub-divison towns where these are nonbanking treasuries and that number has been taken to start with. I can give an assurance to my friend Pandit Thakur Das Bhargava that even I entertain the same anxiety for agricultural people as I used to entertain while I was sitting by his side. I can also give him this assurance that this number is "not less than 400". Government and the Reserve Bank will give due attention to the minimum phraseology—the minimum number, that is, "not less than 400".

Pandit Thakur Das Bhargava: It is already mentioned in the Bill. But will you make it within three years? That is the point.

Shri A. C. Guha: I can only recall my own experience while I was sitting on that side. On my own amendment—accepted by the Government—a time limit was put to certain things being done. Government have had to come before this House for the amendment on particular clauses and while I was on the other side, I had to keep silent there because I felt that it had not been possible for the Government, in spite of their best efforts, to implement it. Now, I do not like that we accept the amendment and then come here before this House for further amendments of this Bill for our failure to implement the amendment. So it has been carefully worded. I can give my assurance that the Government is really earnest and would see that as many branches as possible would be opened at the quickest and shortest period of time. But there must be some practical aspect of the whole thing. I can only present before my friend Pandit Thakur Das Bhargava a small quotation from Shakespear:

> "Miracles are ceased and therefore we must.
>
> Needs admit the means how things are perfected".

As miracles are not operating, we must necessarily think of the means. We are lacking in personnel, we are lacking in houses, we are lacking in so many things to start these branches at the speech at which Pandit Thakur Das Bhargava and other friends want them to be started. We appreciate their anxiety. I can give them the assurance that it is the desire of the Government to increase the number as quickly as possible.

As for the number of local head offices, without making a firm commitment. I can assure this House that it is the intention of the Government to increase the number of local head offices as soon as possible. There are at present three local head offices. We are starting with these three but surely in a very short period the number will be increased. It may be six or it may be more than that. We are aware that the Rural Credit Survey Committee has recommended six local head offices. So, we shall make every endeavour to increase the number and meet the desire of the Members of the House.

As for the head office, I can appreciate the anxiety of Shri B. K. Das and Shri S. C. Samanta.

Shri A. M. Thomas: And your own personal anxiety.

Shri A. C. Guha: Personal anxiety may be one thing. Surely I would like nothing should go out of Calcutta. That is my personal anxiety. But there are some practical things also and I know, at the same time.

Shri S. C. Samanta: There are other members from Uttar Pradesh who are equally anxious.

Shri A. C. Guha: Maybe.

Mr. Chairman: We are now talking of Members from Bengal.

Shri A. C. Guha: It is not quite easy to have a mobile Central Office. for six months in Bombay and for the other six months in Calcutta, as is the present arrangement. The Reserve Bank's experience is that the present arrangement has not been working properly. The people of Eastern Region may not like it, but I cannot help saying that the present financial gravity is in Bombay, not in the Eastern Region. That fact cannot be ignored, and from the realisation of the practical position, Government has under this measure decided to locate the headquarters at Bombay.

As it is not possible for Government to accept the amendments, I would request hon. Members to withdraw them.

Shri A. M. Thomas: Government would not I hope have any objection to accepting my amendment (No. 203).

Shri A. C. Guha: We are prepared to accept that amendment.

Mr. Chairman: In view of the assurance of the hon. Minister, does Pandit Thakur Das Bhargava wish me to put his amendments to the vote of the House?

Pandit Thakur Das Bhargava: You have put me in a very delicate position. As a matter of fact, as I have already said, I have full faith in what the hon. Minister has said, but at the same time it appears to me that Shri Deshmukh has got the upper hand.

Mr. Chairman: It may be due to any circumstance. He may only tell me what he wants me to do.

Pandit Thakur Das Bhargava: I will be guided by your advice.

Mr. Chairman: I come nowhere. I have only to abide by the wishes of the hon. Member. If he wants me to put it separately, I shall do so. Otherwise I am going to put all the amendments together.

Pandit Thakur Das Bhargava: You may not put mine at all. I shall withdraw them (Nos. 27, 97, 28 and 29).

Mr. Chaiman: Is it the pleasure of the House that these amendments may be allowed to be withdrawn?

Shri S. L. Saksena: No.

Mr. Chairman: Then I shall put them with the other amendments.

What about the other amendments?

Shri B. K. Das: I wish to withdraw my amendment No. 92.

Shri Mohiuddin: I wish to withdraw my amendment No. 207.

Shri R. D. Misra: I wish to withdraw my amendments Nos. 95 and 2.

Mr. Chairman: Is it the pleasure of the House that these amendments may be allowed to be withdrawn?

Some Hon. Members: Yes.

The amendments were, by leave, withdrawn.

Mr. Chairman The question is:

In page 7, line 14, *after* "Reserve Bank," *insert* "and the State Bank".

The motion was adopted.

Mr. Chairman: I shall now put the other amendments to vote. The question is:

In page 6, line 32, *after* "Bombay", *add* "and at Calcutta".

The motion was negatived.

Mr. Chairman: The question is:

In page 6, line 34, *for* "and Madras" *substitute* "Madras and Delhi".

The motion was negatived

Mr. Chairman: The question is:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at the headquarters and sub-divisions of every district in India".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "a branch in the headquarters of every sub-division in India in which it has no branch".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, lines 7 and 8, *for* "not less than four hundred branches in addition to the branches referred to in sub-section (3)" *substitute* "one branch at every sub-divisional headquarter in every district in India".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, lines 8 and 9, *for* "five years" *substitute* "three years".

The motion was negatived.

Mr. Chairman: The question is:

In page 7, lines 9 and 10, *omit* "or such extended period as the Central Government may specify in this behalf".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 16, as amended, stand part of the Bill."

The motion was adopted.

Clause 16, as amended, was added to the Bill.

Clause 17—(*Management*)

Pandit Thakur Das Bhargava: I beg to move:

(i) In page 7, *for* lines 22 and 23, *substitute*:

> "(2) The Central Board in discharging its functions of securing the full development of rural credit and co-operative banking and other commercial, industrial or financial functions shall act on business principles."

(ii) In page 7, line 23, *for* "regard being had to public interest" *substitute* "special regard being had to the achievement of the objective of full development of rural credit and co-operative banking".

मुझे अपने इस अमेंडमेंट को जो नम्बर १०० है इस लिए पेश करने की ज़रूरत पड़ी . . .

श्री वेंकटरामन्: अंग्रेजी में बोलिए साहब ।

Pandit Thakur Das Bhargava: Sir, the reason for my second amendment is obvious. What is and what has been the business principle of the Imperial Bank? Its business principle requires that every possible pie of what is due must be realised. In fact, the Bank has been paying dividend to the tune of 16 per cent. So far as ordinary business principles are concerned, every banking institution is after profit. Profit motive is the main criterion. When we have given a new orientation to this new State Bank, the principles should be absolutely different.

Now, as we know from the other provisions of this Bill, the dividend relating to 55 per cent of the shares shall go towards the building up of a development fund. We consider even that to be not sufficient. We have also provided that the bank shall make such other contributions also as the Reserve Bank or the Central Government may decide from time to time to this fund. Now it appears that Government have realised that so far as business principles are concerned, the affording or expanding of rural credit facilities can only involve one in loss. There will be no gain so far as providing rural banking facilities are concerned.

My hon. friend Mr. Tek Chand was quite correct when he spoke about extravagance, etc., of some rural people. But he was perhaps thinking of rural people of other kinds than are ordinarily to be found in the whole of India. We know that our people are not so extravagant. At the same time if you would kindly look into the Report of the Rural Credit Survey Committee, you will find that arrangements have been suggested for looking after even chit funds, or small amounts advanced to people for marriage, funeral and other purposes. So, they will not be allowed to be extravagant; they will not be allowed to waste their money which they have taken as loan. If I accept the principles as they are laid down now, that would mean that no efforts would be made so far as rural credit is concerned. According to my hon. friend until we reach the millenium by when all people have given up their habits of extravagance no credit facilities should be provided, or extended. I do not think that that is a situation which he himself would like. I agree with my hon. friend Shri Matthen who called this report a sacred book. In fact this Bill which is based on this report has given so much of hope and cheer to the rural people. I wish that every one of the recommendations in the report made here was implemented. I may not agree with some of the conclusions reached in the report. If business principles are adopted, as we know them, then I am perfectly sure no rural banking facility will be afforded to the village people. If we are particular about rural credit thriving, we must be prepared to advance money even without interest. They may lose the principal also in some cases. But the real business principle is that they should do the right thing; the principle that should be accepted is that they should extend the credit facilities to the rural people. I cannot visualise for myself that persons who are getting only 2½ or 4 annas a day will be able to save something and pay anything by way of interest; it is impossible in the given state of things.

According to the *All India Rural credit Survey*, it appears that in the whole of India, the income of a cultivator or even of a craftsman or a landless person is very small. So it it impossible to expect that the rural side of the banking will earn anything. If business principles are adopted in the sense in which they are adopted in commercial and industrial undertakings, then my own fear is that they will do nothing. If they want to adopt any principle, then they must set before themselves one principle alone, and that is that so far as rural banking is concerned they must have an eye on the objective. I therefore want this business principle should be qualified by these words, namely:

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> "special regard being had to the achievement of the objective of full development of rural credit and co-operative banking".

If these words are not added there, then I do not know what the words 'public interest' would mean. Public interest is too fluid a term. Usually, the term 'public interest' is used when a person wants to conceal the real thing, and he wants to camouflage the whole thing.

If Government are really serious then they must say expressly here that so far as the real object is concerned, the real principle and the real business principle they will follow will be to attain the objective. During the consideration stage I submitted for your consideration that I am not satisfied that this Bank should have two sides, but now I am helpless. According to me, they have got two sides, Shiva and Parvati, as I called them then. So far as commercial and industrial banking is concerned, they might succeed as they have already succeeded. But so far as rural banking is concerned, they must have an absolutely different objective and a different mentality; and the approach of the officers of the Bank as well as those who are working under them must be quite different. The only principle that I can think of as a business principle is that they may succeed in their objective of extending and fully developing rural credit and banking and that the amounts which they are putting into the Integration and Development Fund, apart from the dividends that they will put in there, will rise more and more and be utilized for the purpose of meeting the losses. I have therefore every hope that they may succeed in their objective.

It is for this purpose that I suggested that the Deputy Governor about whom there is a provision somewhere else, might be put in charge of this side of banking and that he may have nothing to do with the other side, so that the principles which will be adopted there may not have any sort of reaction so far as the other side is concerned.

I am perfectly clear in my mind that if we allow the phraseology to remain as it is, we will not attain the objective. I am therefore very much insistent that so far as this amendment of mine is concerned, it may be accepted by Government, because the avowed object of the State Bank is that rural credit may be there. Otherwise there is no meaning in converting it into a State Bank. There is no purpose in having a commercial bank for that purpose; the commercial bank was there already, and the Imperial Bank would have done that work even if we had merely changed the name. But the real object as I understand it is that the rural side of banking should be fully developed. If they want to have it, then they must change these words and adopt the business principles as suggested by my amendments. If they are to be governed by the ordinary business principles then that would mean that the dominant motive would be the profit motive. But I feel that the profit motive should not be there in this case at least for some time to come, if rural banking is to succeed. Therefore, I submit that the words used in this clause should be qualified as indicated by my amendments.

Mr. Chairman: These two amendments are now before the House.

Shri S. S. More: I support the amendments moved by my hon. friend Pandit Thakur Das Bhargava. Business principle coupled with public interest is a sort of contradiction. I know very little about banking. But I find that as far as business principle in banking is concerned, to have the largest return for the amount invested is one, and to see the creditworthiness of the person to whom credit is to be advanced is the second criterion that is observed.

Take, for instance, the case of an average peasant. We know that he suffers from a sort of unremunerative economy, an economy which does not give him sufficient return. My hon. friend Shri Tek Chand said that the peasant, instead of using the amount advanced to him for the particular purpose for which it was given, is likely to consume it for other purposes. But it must be remembered that the peasant is also a human being; there are some minimum needs of consumption to be fulfilled. When the produce that he produces is not in a position to secure sufficient return by way of a fair margin of profit which can meet his cost of living and the cost of production, then in order to have his bare subsistence, he has to consume even his capital, whether borrowed or coming from his own pocket. Therefore, if we insist that this concern will look to business principles, then naturally they will become the controlling factor and the peasants who have not had sufficient credit, and who have not had sufficient margin to pay back the debts or the other returns that are expected of them are likely to be ignored.

I find that clause 17 (1) is similar to section 24 of the Imperial Bank of India Act. But sub-clause (2) which reads "The Central Board in discharging its functions.." is not to be found there—I speak subject to correction. This appears to have been inserted here simply because the State Bank is now likely to embark on a venture of advancing money to the rural people, and in advancing that money the business principles are likely to suffer jeopardising fat return on the amounts advanced; therefore, in order to put the directorate on their guard and to excite some vigilance on their part, this new provision seems to have been inserted here.

My submission is that as far as our backward economy is concerned, and as far as the enduring interest of the country is concerned, it is in the public interest, and it is also a sound business principle for us to see that the credit of the rural people is properly nursed and properly looked after so that the rural person can be a healthy and vigorous human being having some adequate return for the labours that he has been fruitlessly putting forth so far.

I therefore support what my hon. friend Pandit Thakur Das Bhargava has said. It will now be for Government to explain whether the business principles will be the controlling factor or whether public interest will be the controlling factor; both these things cannot go together, and in fact they will find it extremely difficult to go together. It is now for Government to explain their position. Otherwise, the main objective is likely to be lost sight of.

Shri A. C. Guha: The two amendments moved by my hon. friend Pandit Thakur Das Bhargava would simply restrict the scope of the operations of the Bank. Moreover I would like to draw his attention to the Preamble of this Bill. It reads:

> "Whereas for the extension of banking facilities on a large scale, more particularly in the rural and semi-urban areas, and for divers other public purposes it is expedient..".

This is the purpose for which this Act is being enacted. So it is implied that the State Bank will surely try as far as it lies within its power to help the co-operative institutions and rural credit institutions. That has already been put there in the Preamble. If we accept these two amendments, then we would be restricting the scope of the operations of this Bank.

I would therefore request my hon. friend to withdraw his amendments.

Shri Matthen: How will it restrict?

Pandit Thakur Das Bhargava: I have provided for the commercial and industrial functions also there. What is the use of clause 36 then?

Mr. Chairman: Does the hon. Member want his amendments to be put to vote?

Pandit Thakur Das Bhargava: Certainly.

Mr. Chairman: The question is:

In page 7, *for* lines 22 and 23, *substitute*:

"(2) The Central Board in discharging its functions of securing the ful development of rural credit and co-operative banking and other commercial, industrial or financial functions shall act on business principles."

The motion was negatived.

Mr. Chairman: The question is:

In page 7, line 23, *for* "regard being had to public interest" *substitute* "special regard being had to the achievement of the objective of full development of rural credit and co-operative banking".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

Mr. Chairman: Before proceeding further, I would like to say this. It was decided yesterday that we have to sit up to 6 p.m. today, and the understanding was that we shall have to finish this Bill today. So, keeping this in mind the House may decide its course of action.

Shri Matthen: There are some amendments held over.

Mr. Chairman: There are two that have been held over. We have proceeded only up to clause 17 and practically many contentious matters remain. So, in the light of this observation the House may decide its course of action. Otherwise, we may have to sit late if we determine to finish the Bill today.

Shri S. L. Saksena: We may sit late but we should not hurry through.

Mr. Chairman: What I mean to say is that if Members think that certain changes are very important, they may concentrate on them and not on all matters even if the Government think there is no necessity and they do not accept it.

Pandit Thakur Das Bhargava: The Government would not accept anything.

Shri V. P. Nayar: The Government would not accept any reasonable amendment.

Clause 18—(*Central Board to be guided by directions of Central Government*)

Mr. Chairman: There is only one amendment No. 101 but the Member concerned Shri C. R. Iyyunni is not here.

The question is:

"That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 was added to the Bill.

Clause 19— *Composition of the Central Board*)

Shri A. C. Guha: I beg to move:

(i) In page 7, line 35, *after* "Central Government" *insert* "in consultation with the Reserve Bank and".

(ii) In page 8, lines 11 and 12, *for* "experience of co-operation and rural economy" *substitute* "special knowledge of the working of co-operative institutions and of rural economy"

(iii) In page 8, line 3, *for* "five" *substitute* "two and a half".

Shri A. M. Thomas: I beg to move:

(i) In page 7 line 38, *for* "two managing directors" *substitute* "a managing director and a deputy managing director".

(ii) In page 8, lines 11 and 12, *for* "experience of co-operation and rural economy" *substitute* "practical experience in the working and administration of co-operative institutions and knowledge of rural economy".

Sir, I do not understand why the Government wants two managing driectors. That will lead to friction and conflict in the working of the State Bank. The argument may be that one person will be in charge of the rural wing and the other person will be in charge of the commercial wing as well as reorganisation of the bank. But, all the same, it is enough if there is a managing director and deputy managing director. The deputy managing director shall be in charge of the rural wing or commercial wing as the case may be. As a matter of policy also we should not have this so-called division. There must be centralised control and if there are two managing directors there is bound to be some friction in the smooth working of the bank. In this connection I would invite the attention of the Government to the recommendations of Gorwala Committee. With regard to the constitution of the Central Board of the State Bank of India, on page 409 of its report the Committee has said: "The Central Board of the State Bank of India may have 16 directors", they have only recommended 16 and they say: "The managing director *ex officio* be appointed by the Central Board with the approval of the Government as recommended above. The deputy managing director or, if there is more than one deputy managing director, the seniormost among them, *ex officio* be appointed on the Central Board with the approval of the Government as recommended above." So, even if the deputy managing director, according to the recommendation, will be a member of the Board, he will have no right to vote. The object is this. It is to see that there is no friction at all between the two dignitaries of the Bank. I hope that the Government will be persuaded to accept my amendment and we need have only one managing director. If you want to have two separate wings, the deputy managing director can be in charge of one wing.

Then there is my other amendment with regard to the persons who are to represent the rural people. Subsection (d) of clause 19 says:

> "eight directors to be nominated by the Central Government in consultation with the Reserve Bank to represent, as far as possible, territorial and economic interests and in such manner that not less than two of them have experience of co-operation and rural economy and the others have experience in commerce, industry, banking or finance,".

What we usually find is that when you constitute such Boards, Committees or Corporations, people who have got only theoretical knowledge are generally put in such bodies.

Shri Venkataraman: You may kindly refer to the Government amendment No. 272 which covers that.

Shri A. M. Thomas: That will be only special theoretical knowledge.

Shri Venkataraman: It is said: "special knowledge of the working of co-operative institutions".

Shri Matthen: Why not you use the words "practical experience"?

Shri A. M. Thomas: I would say that it is better to have the word "practical". According to estimates. the co-operative credit amounts to only 3·3 per cent of the total credit that is being availed of and we should

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have much more of co-operative credit available to the rural folk. Inspite of the fact that the Committee has opined that the co-operative institutions have as a matter of fact failed in their duties and the whole report of the Committee is a severe indictment on the working of co-operative institutions in our country, the Committee have strongly recommended that "the need to approach the cultivator on the basis of co-operative organisation in the village itself is fundamental. There is really no workable alternative to this fundamental requirement......"

Mr. Chairman: Looking to amendment No. 272 of the Government, does it not meet your point?

Shri A. M. Thomas: Since there is that word "working" I think practical experience will also be covered.

Pandit Thakur Das Bhargava: I beg to move:

(i) In page 8, line 11, *for* "two" *substitute* "six".

(ii) In page 8, line 11, *for* "two" *substitute* "four".

(iii) In page 8, line 13, *for* "or finance" *substitute* "finance or labour problems".

(iv) In page 8, *after* line 16, *add*:

> "(g) the secretary of each local head office, who shall be *ex-officio* director and though entitled to take part in the deliberations of the Board, shall have no vote."

So far as my amendments 109, 110 and 111 are concerned they relate to the provision on page 8 about the eight directors. The provision is that 2 of them may have experience of co-operation and rural economy. Now, the Government have been pleased to give an amendment where these words have been changed. But my complaint is not with regard to the words. My complaint is with regard to the number of people who will have this kind of experience. My submission is this. So far as experience in commercial or industrial matters is concerned, the Imperial Bank as well as other people who have been directors have got enough and to spare. But, so far as rural economy and co-operation are concerned, we should have expected that with the rural bias prevailing they will give more directors who will have this kind of experience who will give direction to the bank in matters like these, and they will have preponderance of these people. I have, therefore proposed that out of 8 of them, 6 should have this kind of qualification. As an alternative I have submitted that if it is too much to allow 6 then at least the number should be equal—4 and 4. I have further stated that for the words "or finance" the words "finance or labour problems" may be substituted because we have been given to know in this report that this rural credit shall have something to do with workers also, with landless labourers also, and with craftsmen also. Therefore, I should think that if there is not sufficient number of directors with this experience, the difficulty will be that the industrial and commercial element would preponderate. I find that, if the number is equal, even then it will be difficult for these people who have these qualifications to have their full say in the matter, because those other people will certainly be much more important. The commercial and industrial people are big people and they will still preponderate. But anyhow the number will be less and so I do not think that we will be doing injustice to these interests.

In all matters where we want to put in these directors I should have liked that all the directors should have full experience. But here it so appears that we cannot have so many people who will have this experience. Now, as I understand, only 3 per cent is the share out of the distribution of these co-operative people so far as the rural credit is concerned. Anyhow there will not be dearth of people from the rural areas who will have a rural bias and they shall know what to do. I, therefore, think that it is desirable that we should increase this number.

I have got another amendment No. 114 by which I want to say that the secretary of each local head office, who shall be *ex officio* director and though entitled to take part in the deliberations of the Board shall have no vote. I am desirous that these secretaries of the local boards who will be acquainted with all local matters and who will know about the needs and the means whereby those means could be fulfilled—they are men of experience, they really are in charge of the entire business—they should be called to take part in the deliberations though they may not have a vote.

Mr. Chairman: Why do you want to call them directors?

Pandit Thakur Das Bhargava: I do not mind. I am not anxious to call them directors, because I do not want them to exercise even any vote. But so far as their experience is concerned I want that experience should be taken advantage of. All these discussions will be futile unless the practical experience of the Secretaries is there. I am anxious that they may be part of the organisation. I am not anxious that they may be called directors. All I am anxious is that each local head office should be represented when the entire discussions are going on so that these people may be able to contribute their experience about the needs, etc.

Mr. Chairman: All these amendments are now before the House.

Shri S. L. Saksena: I beg to move:

In page 8, *after* line 16 *add*:

"(g) six directors to be elected by the employees of the State Bank of India by proportional representation by means of the single transferable vote."

It has been said many times by our Labour Minister that labour should also be an equal partner in industry. This is the first Bill that we can call a major Bill about nationalisation of key industries. In such a Bill we should see to it that labour and capital are equally represented in the management.

In the twenty directors which we have mentioned here, fourteen are to be nominated by the Government—that is, a chairman and a vice-chairman, two managing directors, eight directors to be nominated in consultation with the Reserve Bank, one director to be nominated by the Central Government and one director to be nominated by the Reserve Bank. That is, out of twenty directors, fourteen are nominated by Government. The remaining six directors are to be elected by shareholders, that is by capital and by industry.

I suggest that we should now begin the application of the principle that labour should also be represented equally with capital in the management of industrial enterprises. I have therefore said that there should be six directors representing the employees of the State Bank.

Pandit Thakur Das Bhargava also read out from the Report of the Rural Credit Survey that this Bank will have to do a lot with giving credit to labour and to the rural population. That is also in accordance with my view-point. If these people are there, they will not only be able to point out the practical difficulties in the day to day working of the institution but they will also be able to help in dealing with the problems of labour and of the rural masses who want credit.

In regard to banking particularly, we have seen that a big industrial dispute has been going on for the

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last six or seven years. That shows the extent to which our banking industry needs overhauling so that labour may contribute its best to the industry. And if we take advantage of the knowledge and the practical experience of the employees and treat them as co-parterners with capital, it will be very advantageous to this great venture.

In fact, this is so in other countries. I have seen in China where they have got partly capital and partly government controlled institutions. There they have the system of government control and equal capital and equal labour representation.

We must begin the experiment here and see that we have directors elected by the employees just as we have directors elected by the shareholders. They will not only give us the benefit of their experience which will be conducive to the more efficient working of the industry but we will probably be able to avoid all industrial disputes and ensure smooth working in the industry. I hope this will be given a trial and that the hon. Minister will accept my suggestion.

Shri S. V. Ramaswamy (Salem): I beg to move:

In page 8, line 11, for "two" *substitute* "four".

It is only to increase the number of representatives having experience of co-operation.

Mr. Chairman: It is the same as amendment No. 110.

Shri S. V. Ramaswamy: I am supplementing it.

The main object of the Bill is to take the Imperial Bank to the village and improve the rural economy, and to extend and bring into service the co-operative societies and co-operative institutions. If that is so, my submission is that the representation of people with experience of co-operation should be more than what is provided in the Bill.

Look at clause 19. Out of the twenty persons who will form the board of directors, the chairman and the vice-chairman is not likely to be a rural man or a man with experience of co-operation. The managing director is also not going to be a rural man. The six directors elected by the shareholders are not also going to be rural men. Taking sub-clauses (e) and (f), the directors nominated by the Central Government and the Reserve Bank, even they are not going to be rural men.

What remains is eight out of the twenty. If even out of these eight, we are going to have only two persons having experience of co-operation and rural economy it is very inadequate. And it looks as if in the actual implementation of this clause, *not more than* two representing rural economy and co-operation will be there. That is my fear. I therefore want that the number should be not less than four, so that there may be a larger representation for rural economy and co-operation. That is my only point.

Shri Matthen: One word.

Mr. Chiarman: Have you any amendment?

Shri Matthen: No. I was opposing.

Mr. Chairman: I will first ask those who have amendments.

Shri Sadhan Gupta: I am moving my amendments, Nos. 31, 32, 34, 39 and 115.

I beg to move:

(i) In page 7, *for* lines 41 to 43 *substitute*:

> "(c) one director to be elected in the prescribed manner by the shareholders, other than the Reserve Bank:".

(ii) In page 8, *omit* lines 1 to 7.

(iii) In page 8, line 8, *for* "eight directors" *substitute* "six directors".

(iv) In page 8, *after* line 16, *add*:

"(g) seven directors to be elected by the employees of the State Bank in the prescribed manner."

(v) In page 8 *after* line 22, *add*:

"(2A) Every order of the Central Government made under clauses (a), (d) and (e) of sub-section (1), shall be laid before both Houses of Parliament."

This clause 19 is, if I may say, very symptomatic of the Government's attitude towards the whole idea of nationalisation. In clause 19 we find that though the Government swears by the socialistic pattern, yet what has been done is, on the one hand, to give a huge weight to the private sector and on the other hand, to ignore the claims of those very elements whose claims would rank foremost in a socialistic society—I mean the employees of the Bank. In spite of socialism it is apparently thought that the employees are mere underdogs, fit only to serve and stand and wait and not to participate in the management of the institution which they have helped to build up. The Labour Minister, during the Budget discussion, came out with promises of plans to associate labour with management. Why not make a start with this institution, this institution in which you are providing for the dominance of the public sector? Why not associate the employees with its management? On the other hand, we find every provision made so that big business can come into its own through the backdoor. They have six shareholders' representatives and, on top of it, as I said earlier during the consideration stage, out of eight representatives quite a substantial part is likely to champion the cause of big business. At that time, the Minister while replying to this suggestion of mine had stated that it was due to a peculiar attitude on my part, on the part of my party, that I had said so. His contention was that we regard the Government as the champion of vested interests and, therefore, we say that the eight expert directors to be nominated by the Government would be representatives of big business. Very well, I am willing to take him at his word. I am willing to take him at his word that the Government is not championing big business; I am willing to take him at his word, even though we have different experience in the Industrial Finance Corporation and other institutions. But is he going to categorically assure us that the Government, in nominating these eight directors, will, in no case, nominate big business in this quota, will in no case nominate any individual who is known to be associated with big business? Can Government give us such a categorical assurance ? I want a categorical assurance from the Minister. Therefore, what I have suggested in my amendment is to obviate this very defect. My amendment, No. 31, reduces the shareholders' directors from six to one. This reduction is necessary, first of all, to take away the predominence of big business and also to provide some representation to the employees.

Mr. Chairman: By amendment No. 31 you eliminate six directors and substitute them by one?

Shri Sadhan Gupta: Yes, Sir.

Amendment No. 32 is a consequential amendment to omit the proviso which permits Government to nominate where the holding in a particular branch falls short of the quota because when one director is there he would be elected by the entire body of shareholders and there is no question of the holding falling below the quota. Therefore, this is the purpose of 31 and 32.

In order to give adequate representation to the employees, I have also provided for two directors being taken away from the quota of experts to be nominated by the Government. Therefore, their number is reduced to six by amendment No. 34.

Then by amendment No. 39, I seek to add a sub-clause (g) by which

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I provide that seven directors may be elected by the employees in the prescribed manner. By prescribed manner, I mean that they would have to be elected in accordance with the rules to be framed by the Central Government. This is for obvious reasons, because, in the scope of this Act it is not feasible to provide every detail of the procedure of the elections. Therefore, I have provided that the election should be in the prescribed manner. Of course, I know the dangers of it. The rules may make the election procedure such as to make democracy impossible, but, still, I would leave that to the movement of the employees to ensure. That is the object of my amendment, No. 39.

Then to bring the vigilance of the people to bear on this institution, I have provided by amendment No. 115 that whenever the Government appoints a Chairman or a Vice-Chairman or nominates a director under clause (d) or clause (e), the order will have to be placed before both Houses of Parliament since there is the danger of big business percolating through the instrumentality of the nominated directors, particularly through the instrumentality of the expert directors and since there is the danger that the Government even unawares be taken in to nominate the people who would champion the cause of big business in this big institution. I have, therefore, provided for it in amendment No. 115 which requires those orders to be placed before both Houses of Parliament. If they are placed, we have an opportunity of discussing the nominations and appointments, if we want to, and by that discussion we might foil many a conspiracy of big business, many a machination of big business and thereby secure that this institution, which, if not nationalised, is yet under the dominant partnership of the State, may not slide back into the control of big business through devious means. That is why I commend the acceptance of my amendments. It will lead to the divesting of big business from the Bank and it will also secure the legitimate representation of the employees of the Bank in the control of this institution.

Shri Achuthan: I beg to move:

In page 8, *after* line 16, *add*:

> "(g) one director to be nominated by the Planning Commission."

Now, we are on the eve of the Second Five Year Plan. It has already been announced that the Second Five Year Plan is contemplating more for decentralised industries of all classes.

Mr. Chairman: Will the Planning Commission be permanent?

Shri Achuthan: I am coming to that. In a country which has got an economic programme there must necessarily be Planning Commissions. We cannot say that after 5 years or 10 years or 15 years the necessity for planning will be terminated. It may have to be there. Therefore, this is going to be a permanent feature. It is going to have a co-relating busiess, it will co-relate the activities of the country, agriculture and industry, private sector and public sector and all other aspects. You will see that during the last four years, on account of the working of the First Plan, the country has become plan-minded to such an extent that even in small villages, even in *panchayats*, there is a plan, a plan for its resources, a plan for educational facilities and so on. My point is that a director who is competent to assess the whole economic situation in the country, who knows what necessities are there for the advancement of credit with regard to cottage industries, small scale industries, with regard to agricultural purposes and numerous other activities in the rural areas, a director who is cognisant of and competent to deal with these things should be there. I do not say it is imperative but it is desirable and feasible to have such a director to give advice to the Board. I think it should be better if that Director is from the Planning Commission.

With regard to the suggestions of Shri Saksena and Shri Sadhan Gupta that we should make a beginning in this direction, it is almost certain that in due course, in the near future, we may have to adopt that. Let us not decry or shelve it. Let us calmly consider it. I do not think that it is at all going to upset the general policy of development and phasing.

Mr. Chairman: The Planning Commission is a part and parcel of the Central Government. So the Central Government has that power.

Shri Achuthan: There is one director to be nominated by the Central Government. If he is from the Planning Commission, the Commission will see that this particular man is posted with all the necessary information and he would see that all the information is given to the Central Board. This is an institution which is going to control the whole economic structure of the country. So, I think, it would be desirable to have a director nominated by the Planning Commission is also taken into confidence and associated with it.

Mr. Chairman: These amendments are also before the House.

Shri Matthen: I want to oppose one amendment of my friend Mr. Thomas, his amendment No. 205 by which he wants to reduce the number of managing directors from two to one to avoid a duel management. He has quoted from the Committee of Direction in support of his amendment. My hon. friend seems to have forgotten one thing. Now, we are starting as the result of the report of the Committee of Directions, a new department, a new activity of the Bank. That has to be developed, given priority and importance. Therefore, they have recommended and that recommendation bears only so far as rural development is concerned.

Shri A. M. Thomas: No, no.

Shri Matthen: I am referring to the spirit of it. There is a Chairman and a Vice-Chairman. If we have one managing director, the man who has been the managing director in the Imperial Bank or the aspirant will be appointed managing director. The objective is to run these two departments as two separate departments, not watertight; that is impossible; urban banking on the one side and rural banking on the other. I think, on general lines, there will be two different departments. That is the object. Therefore, that man should not be a deputy of the other. He must be equal in status to the managing director who is looking after the commercial side of banking. I am trying to give great importance to rural banking. It is not desirable or possible to have the man who looks after urban side to be in charge of the other. That is a very important department. I do not want the importance of that to be reduced in any way.

Shri A. M. Thomas: What is the pattern of the Reserve Bank Board?

Shri Matthen: The Reserve Bank is quite different from this. That is exactly the mistake that my hon. friend has committed. Banking is only one of the activities of the Reserve Bank. They are in charge of the economy of this country, currency, foreign exchange; all these things are there. That is a different matter altogether. There is a Chairman. He may be a full-time man. There are two managing directors of equal status, one to look after the commercial side and the other to look after the rural side, which is today more important. That importance should not be reduced in any way. There is a Chairman of the Board and there is a Vice-Chairman. The Government may take jolly good care to take a proper man. He may be

[Shri Matthen.]

a full-time man in addition to having two managing directors. I am not talking as a politician. I had some experience of banking. In fact, the best part of my life was spent in banking and even in rural banking. If I am not a banker today, it is through no fault of mine. I am only giving my experience.

[SHRI BARMAN *in the Chair*]

Mr. Chairman: I think the hon. Minister will explain the matter.

Shri C. D. Deshmukh: On the first point, I agree with much of what the last speaker has said. He draws attention to the fact that these two wings are equally important. I should take the view that the extension of banking to the rural areas is the more important of the two wings now. If that had not been so, probably the occasion for nationalisation of the Imperial Bank might not have arisen. It is because on an expert enquiry we found that the spread of rural banking has not taken place under the existing agency that we have brought forward this measure in accordance with the recommendations of that expert enquiry committee. The hon. Member who suggested that amendment referred to the Reserve Bank. I think he has been misled by the word 'deputy'. Actually, the Governor has two Deputy Governors, one Deputy Governor being in charge of agricultural credit and the other Deputy Governor being in charge of banking. These two functions are not usually combined. It has often happened that one looks after the monetary side and another looks after the agricultural credit side. Here, the set-up is that there is going to be a Chairman and there will be a Vice-Chairman and two managing directors. The arrangement that has been proposed by the hon. Member would be very inappropriate if there is any feeling of inferiority on the part of the deputy managing director who is going to be responsible for the organisation of this new department. The managing director is in his field, that is, commercial business. He is looking after it. We hope that we will get a managing director who will continue to look after this side. That part of the work may not present much trouble because it is keeping a running concern going. But, this other work is more important. If we fail now, we shall fail for ever. Therefore, the other official must carry sufficient guns. That can only be ensured if he is a managing director with co-extensive powers so to speak and status with the managing director.

Now, I come to the next point, that is in regard to the experts.

Mr. Chairman: May I say one thing? The hon. Minister has just come after his illness. I think, if he likes, he may speak sitting without straining himself.

Shri C. D. Deshmukh: I am very much obliged for the Chair's consideration. I think I can stand it. It is not a very long reply that I have to make.

As regards the two experts, as one of the hon. Movers pointed out, the number is a minimum. It is a minimum of two. There are not just two interests: only co-operation and rural economy and the other, commerce, industry. There is a third, and to our mind a very important interest, and that is territorial distribution. It may happen that those areas which are likely to have a concentration of the shares will probably be able to send us all the kinds of people that we want, whether it is co-operation, whether it is commerce or whether it is banking and so on. Yet we may find that we have not got representatives from certain areas. I think it is very important that we should ensure that representatives of those areas are also on the Board. After all, we must remember that the difficulties of organising credit will be all the greater in those areas which are not likely to have an opportunity of sending directors in some of the other ways. Therefore, I think it is best to have this flexible form. The House may trust the Government to ensure that, if by any of these channels co-operation is not properly represented, more than two are taken on the Board, I do think that they will be justified in indulging in this small act of faith so far as representation of various interests are concerned, because there is nothing in law to prevent us from taking the right view, though we should be persuaded that it is necessary to take such a view.

Then, I come to the other small points raised by Shri Achuthan that there should be a director from the Planning Commission. As you yourself pointed out, the Planning Commission is a limb of the Government and it is an advisory limb of the Government. Three of the five existing Members are from the Government. The Chairman is the Prime Minister. Another Member is the Finance Minister. Then, there is the Planning Minister. There are two other Members. I do not know what other result you can get by asking the Planning Commission to deal with a thing with which they are not directly concerned. Of course, everything that happens in the economic development field is their pigeon, is grist to their mill. They are concerned more largely with formulating plans for economic development. These matters are ancillary to them. Whether it is the re-organisation of the administrative machinery or whether it is the organisation of credit or whether it is organisation of co-operation, these are matters on which they give us the philosophy and guidance in regard to practical implementation. But, it is not necessary that they should have any participation in nominating the people to the actual agencies which will carry out the work. I do not think that there is any advantage whatsoever in vesting this particular duty on the Planning Commission. All I can say is that I find the hon. Member's faith in the Planning Commission is very touching. But, I do believe that although the suggestion is well-intentioned, it is misconceived.

Now that leaves only one big, important matter, and that is, the representation of the employees and all the consequential amendments. Certain hon. Members, especially from the Opposition, are in the habit of advocating their pet theories on each and every possible occasion. There are occasions on which they should be properly discussed. I have no doubt that these are very important matters, and I do not propose to be drawn into a controversy here and now as to whether workers should be represented on the Board and if so, in what particular manner, on industrial concerns generally and on concerns which belong to Government in particular. That is a very big issue which will require to be discussed on the floor of this House when a suitable opportunity presents itself. There will be numerous aspects of that matter and one cannot by way of just a solitary amendment get such a revolutionary principle accepted. I submit that that is a matter which ought to be considered at greater leisure and more deliberately. If once the House accepts this, then I think the rejection of these amendments follows. I should like to add that even where the private industry is concerned, it is not an accepted principle yet that workers must find a place on the directorate, because obviously there are matters of who takes the risk, who stands to lose if there are losses and so on and so forth. But as I say, it is not necessary for me to enter into this matter. To simplify the matter, take the case of an entirely nationalised institution. Now there the choice is not as between shareholders and the workers. It is not as between capital and the workers, not between big business and workers. It is a question of the community and the workers. And is

[Shri C. D. Deshmukh]

there any particular reason why the representatives of the community nominated through the government should be replaced by representatives selected by employees? So that is another and slightly more complicated aspect of this general question which, as I said, would have to be debated on and decided after full consideration. I think at the moment, at the stage at which we are, it will not be appropriate to accept any amendment of that nature.

Shri S. S. More: Are not workers part of the community?

Shri C. D. Deshmukh: That is the trouble. They are a part, not the whole. I am speaking on behalf of the whole community. You are speaking on behalf of a part of the community.

Shri S. S. More: What about shareholders?

Shri C. D. Deshmukh: I am saying that I have taken a particularly simplified case in which I have assumed that there are no shareholders. I first dealt with the case of private industry and then I spoke about the question of who bears losses and so on. Then I took the other extreme of an entirely nationalised institution, where I said there were no shareholders, but the anti-thesis was between the community at large and a small section. Therefore, I said that was another aspect of the matter. Now, this only illustrates the difficulty of dealing with this matter and therefore, it should not be decided in a hurry. We should maintain the *status quo* till we arrive at some satisfactory solution. I have no preconcieved notions on the matter. I am still open to conviction; if hon. Members, in the fullness of time, can advance any arguments, we are free to consider them.

Then some assurance was wanted that directors would not be representatives of big business. This big business is like King Charles the First's head with hon. Members. We have not divided mankind into big business and the rest; we are not thinking in terms of big business. Indeed, there is another amendment which we are bringing forward which will ensure that so far as the holding in the bank is concerned, there will be a limit. I do not know whether hon. Members have noticed that. But there is an amendment by which we intend to limit the shareholding to 200 shares.

Shri S. S. More: We have already passed that.

Shri C. D. Deshmukh: I am sorry. I was not here.

So, that confirms my argument that there is no such thing as big business and small business. All that we want to do is first to fulfil the intentions with which we are bringing forward this Bill and to further the public interest. If somebody happens to belong to big business, he will be there on his own merits, not because he belongs to big business. If, on the other hand, you have somebody else who represents co-operation or who has some special knowledge of the working of rural economics—he may be a professor, he may be an administrator—he will be there. I think it is very wrong to think in terms of big business and small business and build proposals round this false distinction. It is for these reasons that I oppose the amendments that have been moved regarding this matter.

Mr. Chairman: I shall now put amendments Nos. 271, 272 and 321 to the vote of the House.

The question is:

In page 7, line 35, *after* "Central Government" *insert* "in consultation with the Reserve Bank and".

The motion was adopted.

Mr. Chairman: The question is:

In page 8, lines 11 and 12, *for* "experience of co-operation and rural economy", *substitute* "special knowledge of the working of co-operative institutions and of rural economy".

The motion was adopted.

Mr. Chairman: The question is:

In page 8, line 3, *for* "five" *substitute* "two and a half".

The motion was adopted.

Shri A. M. Thomas: I beg leave of the House to withdraw amendments Nos. 205 and 207.

Shri S. V. Ramaswamy: I beg leave of the House to withdraw my amendment No. 308.

Shri Achuthan: I beg leave of the House to withdraw my amendment No. 208.

The amendments were, by leave, withdrawn.

Shri S. L. Saksena: I would like amendment No. 309 to be put separately.

Shri Sadhan Gupta: So also my amendment No. 39.

Shri S. L. Saksena: May I also request that amendments Nos. 306 and 304 be put to vote now? They were held over for voting.

Shri V. P. Nayar: During the interval between one o'clock and two o'clock these two amendments could not be voted upon. Voting had to be postponed. Now, as all Members are here, they may also be put.

Mr. Chairman: The question is:

In page 8, *after* line 16, *add*:

"(g) six directors to be elected by the employees of the State Bank of India by proportional representation by means of the single transferable vote."

The Ayes will please stand in their seats.

The following are their names:

1. Shri H. N. Mukerjee
2. Shri S. S. More
3. Shri S. L. Saksena
4. Shri V. P. Nayar
5. Shri Sadhan Gupta
6. Shri Sarangadhar Das
7. Dr. Rama Rao
8. Shri R. N. Reddy
9. Shri T. B. Vittal Rao
10. Shrimati Renu Chakravartty
11. Shri N. B. Chowdhury
12. Shri Gadilingana Gowd
13. Shri Nanadas
14. Shri Tushar Chatterjea
15. Shri Sivamurthi Swami
16. Shri K. S. Rao
17. Shri N. R. Naidu.

The Noes will please stand now. It is a large number. The amendment is lost.

The motion was negatived.

Mr. Chairman: The question is:

In page 7, *for* lines 41 to 43, *substitute*:

"(c) one director to be elected in the prescribed manner by the shareholders, other than the Reserve Bank;"

The motion was negatived.

Mr. Chairman: The question is:

In page 8, *omit* lines 1 to 7.

The motion was negatived.

Mr. Chairman: The question is:

In page 8, line 8, *for* "eight directors" *substitute* "six directors".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, *after* line 16, *add*:

"(g) seven directors to be elected by the employees of the State Bank in the prescribed manner."

The motion was negatived.

Mr. Chairman: The question is:

In page 8 *after* line 22, *add*:

"(2A) Every order of the Central Government made under clauses (a), (d) and (e) of sub-section (1), shall be laid before both Houses of Parliament."

The motion was negatived.

Mr. Chairman: The question is:

In page 8, line 11, *for* "two" *substitute* "six".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, line 11, *for* "two" *substitute* "four".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, line 13, *for* "or finance" *substitute* "finance or labour problems".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, *after* line 16, *add*:

"(g) the secretary of each local head office, who shall be *ex-officio* director and though entitled, to take part in the deliberations of the Board shall have no vote."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 19 as amended, stand part of the Bill."

The motion was adopted.

Clause 19, as amended, was added to the Bill.

Mr. Chairman: Now I shall put amendment No. 304 to clause 7, which was held over, to the vote of the House.

The question is:

In page 4, *for* lines 25 to 31, *substitute*:

"(3) Notwithstanding anything contained in any law for the time being in force other than the Industrial Disputes Act 1947 (XIV of 1947), the transfer of the services of any officer or other employee of the Imperial Bank not being a workman within the meaning of the Industrial Disputes Act, 1947 from that Bank to the State employee to any compensation under any law, and no such claim shall be entertained by any court, tribunal or other authority.

Explanation: For the removal of doubt, it is hereby declared that every employee who is a workman within the meaning of the Industrial Disputes Act, 1947 shall be entitled to claim compensation for any loss suffered due to the transfer of his service, in any court or tribunal or before any other competent authority except on the basis that by reason of the transfer of his services to the State Bank, his employment under the Imperial Bank has or is deemed to have terminated and that he is, therefore, entitled to receive any compensation, pension, allowance or other benefit."

The Ayes will please stand in their seats.

The following are their names:

1. Shri H. N. Mukerjee
2. Shri S. L. Saksena
3. Shri Sadhan Gupta
4. Shri V. P. Nayar
5. Dr. Rama Rao
6. Shri R. N. Reddy
7. Shri T. B. Vittal Rao
8. Shrimati Renu Chakravartty
9. Shri N. B. Chowdhury
10. Shri Gadilingana Gowd

11. Shri Nanadas
12. Shri Tushar Chatterjee
13. Shri Biren Dutt
14. Shri K. S. Rao
15. Shri N. R. Naidu
16. Shri Sivamurthi Swami.

The Noes will please stand in their seats.

It is a large number. The amendment is lost by a large majority.

The motion was negatived.

Mr. Chairman: The question is:

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, *as amended, was added to the Bill.*

Mr. Chairman: I shall now put amendment No. 306 to new clause 11A by Shri S. L. Saksena.

The question is:

In page 5, *after* line 37, *add*:

"11A. No foreigner shall be eligible to hold any share in the State Bank."

The Ayes will please stand in their seats.

The following are their names:

1. Shri H. N. Mukerjee
2. Shri S. L. Saksena
3. Shri Sadhan Gupta
4. Shri V. P. Nayar
5. Shri R. N. Reddy
6. Dr. Rama Rao
7. Shri T. B. Vittal Rao
8. Shrimati Renu Chakravartty
9. Shri N. B. Chowdhury
10. Shri Gadilingana Gowd
11. Shri Nanadas
12. Shri Tushar Chatterjea
13. Shri Biren Dutt
14. Shri K. S. Rao
15. Shri N. R. Naidu
16. Shri Sivamurthi Swami.

Mr. Chairman: The Noes will please stand in their seats.

It is a large number. The amendment is lost by a large majority.

The motion was negatived.

Clause 20.—(*Term of office of Chairman, managing director, etc.*)

Shri Sadhan Gupta: I beg to move:

(i) In page 8, lines 28 and 29 *omit* "and shall be eligible for reappointment."

(ii) In page 8, line 33, *omit* "and shall be eligible for reappointment".

(iii) In page 8, lines 38 and 39, *omit* "and shall be eligible for re-election or renomination".

(iv) In page 9, *after* line 16, *add*:

> "(6) No chairman, vice-chairman, managing director or director who has retired or otherwise ceased to hold office shall be eligible for appointment, nomination or election to any of these offices unless a period of not less than five years has expired since the date of his retirement or ceasing to hold office:
>
> Provided that nothing in this section or in any other provision of this Act shall bar the election of any such chairman, vice-chairman, managing director or director under clause (g) of sub-section (1) of section 19 if he is otherwise eligible for election under that clause."

The first three amendments seek to delete the words relating to the eligibility for reappointment or renomination so that the directors who have retired may not be re-appointed immediately after their retirement. Amendment No. 122 seeks to impose a delay of five years before any Chairman, vice-chairman, managing director or director can be reappointed after retirement. My

[Shri Sadhan Gupta]

object is, I do not want vested interests to be perpetually entrenched in the institution of the State Bank through continued appointment of representatives of those vested interests. We know how big vested interests have a way of digging themselves in and perpetuating themselves. This should be guarded against. In all these clauses, these words have therefore to be omitted.

In amendment No. 122, what I have sought to provide for, is this. At the end of sub-clause (5) of clause 20, I want to add the following as sub-clause (6):

> "(6) No chairman, vice-chairman, managing director or director who has retired or otherwise ceased to hold office shall be eligible for appointment, nomination or election to any of these offices unless a period of not less than five years have expired since the date of his retirement or ceasing to hold office:"

The proviso to it would not be necessary now that we have rejected the necessity of associating the employees of the management. Now I am seeking to move the amendment without the proviso which no longer arises. This amendment would secure that vested interests do not get entrenched into this institution and I think that is a very necessary thing to secure. Therefore, I commend my amendments to the acceptance of this House.

Shri A. C. Guha: This limitation on the possibility of re-appointing the Chairman and the Vice-Chairman is not acceptable to us. There may be certain occasions when it may be necessary to reappoint them to preserve continuity.

Shri V. P. Nayar: Do you oppose the principle?

Mr. Chairman: He is not accepting it.

I shall now put all the amendments to the vote of the House.

The question is:

In page 8, lines 28 and 29, *omit* "and shall be eligible for reappointment".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, line 33, *omit* "and shall be eligible for reappointment".

The motion was negatived.

Mr. Chairman: The question is:

In page 8, lines 38 and 39, *omit* "and shall be eligible for re-election or renomination".

The motion was negatived.

Mr. Chairman: The question is:

In page 9, *after* line 16, *add*:

> "(6) No chairman, vice-chairman, managing director or director who has retired or otherwise ceased to hold office shall be eligible for appointment, nomination or election to any of these offices unless a period of not less than five years has expired since the date of his retirement or ceasing to hold office:
>
> Provided that nothing in this section or in any other provision of this Act shall bar the election of any such chairman, vice-chairman, managing director or director under clause (g) of sub-section (1) of section 19 if he is otherwise eligible for election under that clause."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clause 21.—(*Local Boards and Local Committees*)

Shri A. M. Thomas: Sir, I have got an unobjectionable amendment, No. 213. I beg to move:

In page 9 line 28, *after* "constituted by the" *insert* "Local Board subject to the approval of the."

I understand that the Local Boards are intended to be constituted on the lines of the Local Boards of the Reserve Bank, so that for every region there will be a Local Board and there will be a local head office. When we constitute a local committee in that area it is only fit and proper that the Local Board functioning in that area is authorised the constitution of the local Committee. Eeven in that simple matter if the Local Board is not entrusted with the power I do not understand what will be the position and status of the Local Board. At least the Committee may be constituted in consultation with the Local Board. Government is not bound to accept the recommendation, nor is the Local Board bound to give their advice. Whenever a local committee is constituted the Local Board functioning in that area may be consulted. I hope my amendment will be accepted by Government.

Shri Sadhan Gupta: Sir, I have got two amendments and I think I cannot claim they are unobjectionable amendments. From the Government's point of view they are very objectionable. I beg to move:

(i) In page 9, *for* lines 20 to 27, *substitute*:

> "(a) all the directors nominated to the Central Board under clause (d) of sub-section (1) of section 19 and ordinarily resident in the area served by the branch register of the local head office;
>
> (b) one director to be elected by the shareholders whose names are entered on the branch register are nominated by the Central Government in consultation with the Reserve Bank as may be prescribed; and
>
> (c) such number not exceeding ten to be elected by the employees in the local head office and in all the branch offices of the Bank in the area served by the branch register of the local head office."

(ii) In page 9, *after* line 30 *add*:

> "Provided that not less than one-third of such number shall be members elected by the employees in the offices of the State Bank in such area."

I say they are from Government's point of view very objectionable amendments, because I have no doubt from what the Finance Minister has just stated regarding the representation of employees, very reasonable amendments in that respect are utterly objectionable Government. Yet, I would press my amendment for the acceptance of the House because I do not think any person who has any sense of justice will accept the Finance Minister's very evasive position regarding the representation of employees in the affairs of the institution they serve.

After all, what is the source of this objection to the representation of the employees? The source of this objection to the representation of the employees is the peculiar mental attitude which regards the employees as nothing but servants who just come to serve on payment for a pittance and they do not deserve to participate in the affairs of the institution they serve. They are just there to serve and nothing else. They have no interest in the institution and so they are not to be represented on its management. That is really the position which Government takes in whatever evasive words the Finance Minister tries to smokescreen it. Therefore I have to press my amendments.

My amendments mean in short, this. In the Local Boards I have provided for the representation of employees by [illegible] umber not exceeding ten as

[Shri Sadhan Gupta]

may be prescribed. Unfortunately in the list that has been circulated the words "as may be prescribed" are omitted. I would like to correct that mistake. So, it should be "such number not exceeding ten as may be prescribed, etc."

In the local Committees what I seek to provide is that Government may determine the number of members but it will determine it in such a way that at least one-third of these members should be represented. You may probably know that the Imperial Bank Staff Association has demanded a representation to the extent of one-third for the employees and therefore I think it is quite a reasonable suggestion and a reasonable amendment, though I repeat that from the Government's point of view it may be a very objectionable amendment.

Shri S. V. Ramaswamy I beg to move:

In page 9, line 33, *omit* "by regulations made by it".

These words seem to be redundant, in view of the fact that the definition of prescribed is given in clause 2 (e)—"prescribed" means prescribed by regulations made by this Act.

Shri A. C. Guha: Sir, we accept the amendment.

Pandit Thakur Das Bhargava:

In page 9, line 27, *add* at the end "but half of such number must be ordinarily resident of the rural or semi urban areas".

These amendments are neither objectionable nor non-objectionable; they are quite reasonable amendments, in view of what has fallen from the lips of the hon. the Finance Minister that he thinks that the rural side is much more important. If that is so, these amendments are quite reasonable.

In regard to the amendments about Directors, I submitted an amendment and stated that at least four of them should be such as are versed in rural economy and cooperation. Even that was not accepted. If they really mean what they say, it is reasonable to suppose that they will accept these amendments and agree that rural interests should be represented at least to the extent of half. So, if Government is serious about extension of rural credit facilities, my amendments which are reasonable should be accepted by them.

4 P.M.

Shri S. L. Saksena: I beg to move:

In page 9, *after* line 27, *add*:

> "(c) four directors to be elected by the employees of that branch by proportional representation by means of the single transferable vote".

There are four directors to be elected by the shareholders. I want that there should be parity of representation for the employees also, and that the same number of directors should be there to represent the employees as there are to represent the shareholders.

I was disappointed at the speech of the hon. Finance Minister. He did not carry any conviction to us. He did not indicate when the Government policy will be decided in this matter, and whether labour will ever have a representation in the directorate. These are national enterprises which are being taken over by the State and I thought that the right of representation for the employees will be granted to them at least in this concern. The hon. Minister talked about private enterprises and said that there are no directors representing the employees there. But that may come later on. I would submit that at least make a beginning in Government institutions, we should provide for representation for the employees in the directorate.

Here when we are providing for four directors to represent shareholders, I do not see any reason why there should not be a similar representation for the employees also. The hon. Minister stated that that cannot be allowed. When they give representation for the shareholders, it is possible that big business will come in there. They have provided for that and yet they do not want that the representatives of the employees should be there. I think this is very objectionable, and the attitude of the hon. Finance Minister is not what it should be. It is against the Avadi resolution. If this is going to be the congress socialistic pattern of society then God save us from it.

Mr. Chairman: All these amendments are now before the House.

Shri A. M. Thomas: I want to know what exactly is the objection to my amendment regarding the constitution of the local committees. It is a very simple matter. If the local board has no powers, then what is the use of it?

Shri A. C. Guha: We want the local committees to be independent of the local boards.

Shri A. M. Thomas: That would mean that there would be two competing bodies in one and the same area.

Shri A. C. Guha: The local committees will have some other functions than the local boards. Our purpose is to keep the two bodies more or less independent of each other.

Mr. Chairman: The same argument as in the case of the other amendment.

The question is:

In page 9, line 33, *omit* "by regulations made by it".

The motion was adopted.

Shri A. M. Thomas: I would like my amendment No. 213 to be put separately.

Mr. Chairman: The question is:

In page 9, line 28, *after* "constituted by the" *insert* "Local Board subject to the approval of the."

The motion was negatived.

Shri S. L. Saksena: I would like my amendment No. 311 to be put separately.

Mr. Chairman: The question is:

In page 9, *after* line 27, *add*:

"(c) four directors to be elected by the employees of that branch by proportional representation by means of the single transferable vote."

The motion was nagatived.

Mr. Chairman: The question is:

In page 9, *for* lines 20 to 27, *substitute*:

"(a) all the directors nominated to the Central Board under clause (d) of sub-section (1) of section 19 and ordinarily resident in the area served by the branch register of the local head office;

(b) one director to be elected by the Shareholders whose names are entered on the branch register or nominated by the Central Government in consultation with the Reserve Bank as may be prescribed; and

(c) such number not exceeding ten to be elected by the employees in the local head office and in all the branch offices of the Bank in the area served by the branch register of the local head office."

The motion was negatived.

Mr. Chairman: The question is:

In page 9, line 27, *add* at the end "but half of such number must be ordinarily resident of the rural or semi urban area"

The motion was negatived.

Mr. Chairman: The question is:

In page 9, *after* line 30, *add*:

"Provided that not less than one-third of such number shall be

[Mr Chairman]

members elected by the employees in the offices of the State Bank in such area".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 21, as amended, stand part of the Bill."

The motion was adopted.

Clause 21, as amended, was added to the Bill.

Clause 22.—(*Disqualifications for directorship of Central Board or membership of Local Boards or Committees*)

Shri S. V. Ramaswamy: I beg to move:

(i) In page 10, lines 15 to 16, *for* "ten thousand" *substitute* "five thousand".

(ii) In page 10, *omit* lines 27 to 36.

My first amendment is with regard to the disqualification placed on directorship. Sub-clause 1(a)(g) reads:

> "In the case of an elected director or an elected member, he is not registered as a holder in his own right of unencumbered shares in the State Bank of a nominal value of at least ten thousand rupees:"

I am seeking to reduce the value to Rs. 5000. My purpose in doing so is this. A limit has been fixed on the total holding of an individual, namely 200 shares. That comes to Rs. 20,000. If such a high figure is prescribed as Rs. 10,000, then I submit that not many will be having the qualifications necessary to become a director. It is from that point of view that I have submitted that the figure may be reduced to Rs. 5000 at least, so that we shall have quite a good number of persons who will have the qualifications necesasry to become directors. I therefore urge upon Government to accept this amendment.

By amendment No. 314, I seek to delete sub-clause (3) of this clause, which puts, a disqualification on Members of Parliament or a Legislature from becoming directors. Whatever might have been the reason for excluding Members of Legislature from the directorate in the past when we were in woe under foreign rule, the same will not apply now.

Shri A. M. Thomas: Policy of self-effacement.

Shri S. V. Ramaswamy: There is no harm in having Members of the Legislature in the directorate now; in view of the fact that this is a State Bank I think it will be in the larger interests of the country that we have Members of the Legislature also in the directorate. I therefore think that it is not quite right to exclude Members of the Legislature from the directorate.

Shri Matthen: I have got an amendment, namely amendment No. 263.

Mr. Chairman: This is the same as amendment No. 314 which has already been moved.

Shri A. M. Thomas: I beg to move:

In page 10, line 15, *for* "ten" *substitute* "one".

By this amendment, I seek to reduce the figure from Rs. 10,000 to Rs. 1,000, so that a person having a holding in his own right of unencumbered shares of a nominal value of Rs. 1,000 will become eligible to become a director.

Shri R. D. Misra: I beg to move:

In page 10, *after* line 16, *add:*

> "(h) he is not a citizen of India; or
>
> (i) he is a person dismissed from the Government service or has been compulsorily discharged or retired or removed from Government service for corruption."

This amendment is a very simple one, and I hope the hon. Minister will be kind enough to accept it. Any person who is not a citizen of India should not be allowed to become a director. Similarly, I want that if any person has been dismissed from service for corruption etc. he should not be allowed to be a member of the directorate.

Shri Sadhan Gupta: I beg to move:

(i) In page 10, *after* line 12, *add*:

> "(ff) he is or has been found guilty of evading any tax by any court, tribunal, commission or other authority notwithstanding any technical defect in the constitution of such court, tribunal, commission or authority or want of jurisdiction arising from any such defect."

(ii) In page 10, lines 15 and 16, *for* "ten thousand rupees" *substitute* "one thousand rupees".

Clause 22 prescribes the disqualifications of the directors. Many disqualifications have been imposed. I have no quarrel with them. But by amendment No. 130 I want to impose another disqualification, and that is regarding tax evaders. My object in moving this amendment is this. The Income-tax Investigation Commission has found many persons guilty of evading taxes. Yet we find that Government do not take a very serious view of things, and in certain cases the services of such persons are still retained for certain purposes. At the same time, the public are bitter towards these tax evaders in the country; and the country is shocked and outraged at their behaviour. I therefore feel that we should have some provisions here by which these evaders should not find a place in the directorate of this public institution. Therefore, I think there can be no objection to accepting this amendment No. 130. I had to provide for technical defects because, as you know, the Income-Tax Investigation Commission, which I have primarily in mind, was declared to be *ultra vires* by the Supreme Court for certain technical reasons. Yet, the fact remains that they did investigate cases, investigated them with great care and had arrived at certain conclusions. They may not be valid in law on account of technical defects, but in substance they are condemnations of these persons. That condemnation should be respected. For the safety of this institution and for the sake of morality as well as for protecting this institution from the clutches of the worst kind of vested interests we should give our consideration to the findings arrived at by the Income Tax Investigation Commission. Therefore, I have sought to protect any kind of jurisdiction that may have arisen due to any technical defect.

Now, the second amendment which is in para (ii) of amendment No. 131 is for the purpose of reducing the share qualification for appointment as directors. It is only a capitalist notion that a director should be one who holds a substantial pecuniary interest in the institution. There may be some justification in the case of a private body corporate to insist on some share qualification, but in a public institution where the public sector is the dominant partner, I do not see why we should provide a high share qualification and thereby deprive the poorer sections of the community who may hold, say 10 or 12 shares, from participating in its managements. Personally, I would have been in favour of removing this share qualification altogether. I would have been for providing that if a person had even one share he can be a director. I see no objection to it. But I was too diffident about the possibility of Government accepting any such revolutionary suggestion, as the Finance Minister would perhaps call it, and therefore I have with the greatest amount of diffidence sought to provide the qualifications and restrict the qualifications to Rs. 1,000. I hope this at least the Government will have no difficulty in accepting and therefore, I commend it to the acceptance of the House.

Shri Matthen: Just a word about my amendment No. 263.

Mr. Chairman I want to know whether any other amendment is to be moved:

Shri C. R. Iyyunni: I beg to move:

In page 10, line 29, *for* "be void" *substitute* "become invalid"

Mr. Chairman: All these amendments are now before the House.

Shri S. S. More: Sir, I have got some difficulty in interpretting some of the clauses here. On page 10, sub-clause (d) it is said: "has compounded with his creditors". I do not know exactly what is the import of compounding with a creditor.

Shri Venkataraman: That is a well-known expression.

Shri A. M. Thomas: That is in the Insolvency Act.

Shri S. S. More: Of course, Shri Venkataraman has added to my knowledge and I accept that. But supposing a consent decree has been passed in which a creditor and debtor came to some understanding, I feel that, that will be also compounding and the man concerned may come under this guillotine. But, I will leave it to the interpretation of the court. If the Government spokesmen are so confident about the meaning I need not raise it here.

But, I have got a serious objection to this minimum qualification of Rs. 10,000. Now, you have to read this in the context of clause 11, Clause 11 had a certain ceiling limit of 5 per cent. of the total issued capital.

Mr. Chairman: That is now modified.

Shri S. S. More: That is why I say, when the original idea was 5 per cent, then the limitation of Rs. 10,000 was visualised by the Government. Now, from the 5 per cent. we have come to Rs. 20,000. I have made some calculations, for the correctness of which I can vouchsafe, that 5 per cent. of the total issued capital would come to something like Rs. 28,12,500. When that was the maximum Rs. 10,000 was visualised as the ceiling limit for the purpose of qualifications. So, if we have come down from this colossal figure to Rs. 20,000 as the ceiling limit then I think, probably, there should also be a reduction for the purposes of this qualification.

Further I have got to say something about this sub-clause (3). There are certain amendments by Members who do not want to have this sort of ban on Members of Parliament, but I do support this particular clause, coming as it is from the Government, because the M.Ps. are showing like the I.C.S. people their proficiency in every field. They feel that no single organisation can be complete without some M.P. there and I feel personally that these M.Ps. like the old Rishis should show a spirit of renunciation and give opportunities to others.

An Hon Member: It is doing service.

Shri S. S. More: It is not a case of service. I feel that the constituencies have elected us. Even this Parliament has become a more than full time job. Let us concentrate all our attention on Parliament and show great efficiency here. Here, Sir, you have to ring the bell even for quorum. I do not know what happens to the literature, tons of literature, that are being supplied to us. That is why I want to raise this question. I feel that the directorship or the membership of the Central Board, according to the well-known convention, will be an office of profit. Some people say: "Well, we shall not take any allowance". But a position where you get a chance of distributing patronage, whether you take some remuneration or not, has been treated in many countries, as an office of profit. Therefore, I say, that as far as Members are concerned there should be a strict bar on their going into other committees and Boards, because that is a great danger to democracy. There is an incentive for every man to stand in queue at the door of the executive Government so that some turn may come in his way. I do strongly support this particular clause and I feel that the Government will be well advised to stand by this particular clause and not yield to the clamour by some section or persons that there is no need for this clause and that nothing will happen if it is not there.

Pandit Thakur Das Bhargava: I want to add only one word to the arguments already advanced by Shri

S. S. More. What I want to submit is that if the rural side is to be improved and if you really want that rural people may also become directors or members of local bodies, it is necessary that this limit of Rs. 10,000 should be reduced to Rs. 1,000. Where can you find a man who has got shares worth Rs. 10,000? You will not find one such man in the rural areas. At the same time, we read in this report that rural leadership was wanted. They wanted everything rural. They wanted that persons should come from the rural side and take their share in everything. If you are really serious about it then I would expect that the limit of Rs. 10,000 is reduced to Rs. 1,000.

Shri Matthen: Just one word, Sir.

Mr. Chairman: I shall again point out that we have not proceeded with even half of the Bill.

Shri Matthen: Shri S. S. More has opposed my amendment; So let me say a few words on that.

Mr. Chairman: The Government is opposing it.

Shri Matthen: I know the Government is opposing it.

Shri S. S. More: I am for it as far as this clause is concerned.

Shri Matthen: Just two words on this disqualification of Members of Parliament. It is a relic of the old Imperial Bank and old Government that they did not want the Assembly members or anybody to come in because then it was not a national thing. Then it was more anti-national. The Congress people, Assembly people or nationalist people coming in was resented by the British Government then. But now the Reserve Bank and the Ministry here are more or less copying the old articles and memorandum, qualifications and disqualifications without going into the matter. The present Bank is not an imperialistic bank. It is a people's bank.

Mr. Chairman: May I just intervene? The same arguments have been already advanced by Shri S. V. Ramaswamy. Therefore, what is the good of repeating them again? Let us proceed with the Bill. Have you got any new point?

Shri Matthen: Sir, we must have a maximum of two representatives of the people. If the Public Accounts Committee can go into these matters I do not see any objection to this.

Shri S. S. More: Is there any analogy between the Public Accounts Committee and this?

Shri Matthen: Sir. I am not answering Mr. More. I am answering the objections raised by the hon. Minister that if there is such a thing there will be political influences and that it is not desirable. After all two Members on a board of twenty-two, what political influence can they exert? Who is the man who has not political views about things? Two people elected by the House, just as they are elected for other committees, can be on the board. In any case, why should they be disqualified? Leave it open there.

Shri Mohiuddin: I have an amendment, No. 312.

Mr. Chairman: Do you want to move it?

Shri Mohiuddin: Yes, Sir.

Mr. Chairman: Very well. He may move it.

Shri Mohiuddin: I beg to move:

In page 10, *omit* lines 13 to 21.

I seek by this amendment to delete sub-clause (g). Sub-clause (g) lays down the qualifications for directors who are elected to the board. And the qualification is that they should hold at least shares of a nominal value of ten thousand rupees. I think it is time that in these institutions which are nationalised or are controlled by the State, the principle of representation on the board on the basis of share-holding should be discarded.

[Shri Mohiuddin]

We should have directors who are best qualified for the purpose. I know that in order to evade the legal requirements sometimes it happens that a certain number of shares are transferred to the person who is elected a director and a blank transfer is taken from him retransferring the shares from him to the original owner. There is no use resorting to such practices. I think it is desirable that in the nationalised institutions share-holding qualification should not be necessary. I therefore propose that sub-clause (g) should be deleted and any person who is best qualified to look after the interests of the country as a whole, of the bank as a whole, should have a chance to be elected and he should not be required to hold shares in the bank.

Mr. Chairman: This amendment is also before the House.

Shri A. C. Guha: I think we can accept amendment No. 313 limiting the qualification to five thousand rupees. And I suggest another thing. For elected members we are ready to accept one thousand rupees. For directors it should be five thousand rupees, but for elected members we are ready to accept one thousand rupees qualification.

Shri Matthen: What about the other amendments?

Shri A. C. Guha: The other amendments we are not prepared to accept. I think the principle that M.Ps. and legislators should be excluded is a healthy principle. I do not say why, because it may not be palatable to Members.

Mr. Chairman: Would it not be necessary to move an amendment?

Shri Venkataraman: We will have to frame an amendment.

Shri V. P. Nayar: When we want to have a disqualification, what about tax evaders?

Shri A. C. Guha: We cannot find out anything definite here, who is really a tax evader or who is not. That will be difficult. It will not be possible to include anything.

Shri Sadhan Gupta: That is defined.

Shri V. P. Nayar: We would like to know whether Government are prepared at least to exclude those people who have been assessed after investigation by the Income-tax Invetigation Commission. Let us have an answer.

Shri A. C. Guha: As for the nominated directors we may take into consideration that thing.

Shri V. P. Nayar: For every director. Does he say that he cannot take that factor into consideration?

Shri A. C. Guha: I said that we can take into consideration that factor as far as nominated directors are concerned.

Shri V. P. Nayar: Mere taking into consideration is not what we want. Can he give an assurance that such people as are assessed after investigation by the Income-tax Investigation Commission will be excluded from this? Let us have an answer. That is a very important point. Several times this question has been put, but avoided. We want an answer on this very important question.

Shri A. C. Guha: One may be a tax evader today, and tomorrow he may not be a tax evader.

Mr. Chairman: For the present I shall not put amendment No. 313. When the amended thing comes we shall see. Or shall we go on to the other clauses?

Shri R. D. Misra: Has the Minister read my amendment No. 216?

Shri A. C. Guha: Was it moved?

Mr. Chairman: Yes, it has been moved.

Shri V. P. Nayar: We can also improve, according to them, later.

Pandit Thakur Das Bhargava: Even a Member of Parliament can come in after seven years after the disqualification of conviction of an offence.

Shri A. C. Guha: With regard to amendment No. 216, we are prepared to accept part (i), not part (h). We are prepared to accept (i), that is "he is a person dismissed from the Government service or has been compulsorily discharged or retired or removed from Government service for corruption".

Shri V. P. Nayar: He will not improve, according to you?

Shri A. C. Guha: No.

Mr. Chairman: I think in the meantime we will proceed to the next clause, clause 23.

Clause 23.— (*Vacation office of director, etc.*)

Mr. Chairman: There is a government amendment, No. 273.

Shri A. C. Guha: I beg to move:

In page 11, *for* lines 1 to 3, *substitute*:

> "(b) resigns his office by giving notice in writing under his hand, in the case of the chairman and vice-chairman, to the Central Government and in the case of other directors or members of Local Boards or Committees, to the Central Board and the resignation is accepted; or".

Mr. Chairman: The question is:

In page 11, *for* lines 1 to 3, *substitute*:

> "(b) resigns his office by giving notice in writing under his hand, in the case of the chairman and vice-chairman, to the Central Government and in the case of other directors or members of Local Boards or Committees, to the Central Board, and the resignation is accepted; or".

The motion was adopted.

Mr. Chairman The question is:

> "That clause 23, as amended, stand part of the Bill."

The motion was adopted.

Clause 23, as amended, was added to the Bill.

Clause 24.—(*Removal from office of directors, etc.*)

Mr. Chairman: I think there is amendment No. 136.

Shri Sadhan Gupta: I have tabled it, but after the rejection of the amendment relating to employees' representative, it does not arise.

Mr. Chairman: The question is:

> "That clause 24 stand part of the Bill."

The motion was adopted.

Clause 24 was added to the Bill.

Clause 25.—(*Casual vacancies.*)

Shri A. C. Guha: I beg to move:

In page 11, lines 36 and 37, *for* "after considering the recommendations of the Central Board made in this behalf" *substitute* "in consultation with the Reserve Bank and after considering the recommendations of the Central Board".

Mr. Chairman: The question is:

In page 11, lines 36 and 37, *for* "after considering the recommendations of the Central Board made in this behalf" *substitute* "in consultation with the Reserve Bank and after considering the recommendations of the Central Board".

The motion was adopted.

Mr. Chairman: The question is:

> "That clause 25, as amended, stand part of the Bill."

The motion was adopted.

Clause 25, as amended, was added to the Bill.

Pandit Thakur Das Bhargava: I beg to move:

In page 12, *after* line 10, *insert*:

> "25A. The salary, fees, allowances and perquisites of the chairman, vice-chairman, managing

[Pandit Thakur Das Bhargava]

director or by other director or official of the State Bank shall not be more than two thousand five hundred per month."

Shri S. S. More: If this amendment is accepted, the effect of it will be that pressure will be exercised to increase the salary of the Finance Minister.

Pandit Thakur Das Bhargava: Both these views are extreme. On the one side, you have been pleased to say that the hon. Finance Minister will take only Rs. 1,000; on the other, Shri More says he will take more. He does not know the attitude of the Government and the Finance Minister.

Shri S. S. More: You are talking about the attitude of the Finance Minister, Shri C. D. Deshmukh.

Pandit Thakur Das Bhargava: I will make it Rs. 2,500. When I used the words; 'those of the Finance Minister', I knew that it was not the proper thing to be put here. But I wanted to emphasise the fact the Finance Minister is the head of the Ministry and in all economic matters he is the boss. Those who are serving under him and who have to take orders from him should not take more than his salary.

An. Hon. Member: They are already getting more, even now.

Pandit Thakur Das Bhargava: They are getting because, as a matter of fact, Sardar Patel and the Government gave them word that so far as they were concerned, their emoluments will not be touched. I am not for touching their emoluments even now. Whatever promises have been given by the Government may be stuck to. Even when I spoke about the man who is getting a pension of Rs. 2,000, though it is against my will, though it is against my grain, to agree to such large pension for public funds, I did not agree to the proposal of stopping pension because once we have given our word, we must stand by it.

Shri V. P. Nayar: We never gave the word.

Pandit Thakur Das Bhargava: You were not in existence at that time; but, somebody else gave the assurance.

Shri S. S. More: What is his age?

Pandit Thakur Das Bhargava: Politically speaking, his age is only two years.

The principle must be accepted. There are some people who are getting much more than Rs. 2,500 in the Reserve Bank as well as the Imperial Bank.

So far as the managing director is concerned or the Chairman and the others are concerned, they will not be allowed to continue because of this high pay. Logically, it does not seem reasonable. That in the case of others, we should have some different principle. It is idle for me to stick to this principle in the case of these two or three posts alone. I want that so far as the private sector is concerned, so far as the entire country is concerned we must just adopt this principle and we may pursue this principle in regard to other sector also. Otherwise, the difficulty will be that persons in the private sector will get more and we will get only third-rate officers for our work. I want these offices should be held by first class people. If I am left to myself I would say that they should get more. But, then how will you have a socialistic pattern of society?

Mr Chairman: According to the hon. Member it is a wider issue; then, why does he want to put it here?

Pandit Thakur Das Bhargava: I admit it is.

If we accept it here, then it would be the thin end of the wedge and we may be able to gradually have the socialistic form of society. If we cannot do it here, it will be difficult for us to have it in other fields; if we do it here we can follow it up when the time comes. Let us start today. Then, I would say that so far as these officers are concerned, they should not get more than Rs. 2,500 per month.

Shri C. D. Deshmukh: We are opposed to this amendment not because there is the danger of the Finance Minister asking for more but because of the danger of not securing a proper person for the post.

Mr. Chairman: The question is:

In page 12, *after* line 10, *insert*:

> "25A. The salary, fees allowances and perquisites of the chairman, vice-chairman, managing director or by other director or official of the State Bank shall not be more than two thousand five hundred per month."

The motion was negatived.

Shri A. C. Guha: We have not finished clause 22.

Mr. Chairman: That is held over because of the amendment.

Shri A. C. Guha: It is better that we finish it, Sir.

Mr. Chairman: Clause 26.

Shri Sadhan Gupta: Sir, I was suggesting that clauses 26 to 29 may be taken together because they deal with fees, remuneration etc.

Clauses 26 to 29

Shri Sadhan Gupta: I beg to move:

(i) In page 12, *after* line 15, *add*:

> "Provided that the fees and allowances for attending meetings of the Central Board shall not exceed sixteen rupees a day exclusive of reasonable travelling expenses."

(ii) In page 12, line 24 *after* "perquisites" *insert*:

> "not exceeding a total of one thousand and five hundred rupees"

(iii) In page 12, line 34, *after* "perquisites" *insert*:

> "not exceeding a total of one thousand and five hundred rupees"

(iv) In page 13, line 10, *after* "allowances" *insert*:

> "not exceeding a total of one thousand and five hundred rupees"

These clauses deal with either the fees and allowances payable to the directors for attending meetings or the remuneration of the chairman, the vice-chairman or the managing director. Clause 26 deals with the fees and allowances of directors, clauses 27, 28 and 29 deal respectively with the remuneration of the Chairman, Vice-chairman and the managing director.

Now, my amendment No. 138 suggests—and I think it is a very reasonable suggestion that the directors, for attending meetings, should be paid not more than Rs. 16 a day and reasonable travelling expenses and the amendments to clauses 27 to 29 are 140 to 142 and they propose that the remuneration......

Shri Mohiuddin: In regard to clause 26, may I ask the hon. Member for one clarification; if Rs. 16 is paid for the daily sitting will the Bank arrange for the hotel accommodation and pay for it?

Shri Sadhan Gupta: We would expect the directors in this country to live in a hotel in which they can live within Rs. 16 and to find the extra money for their comfort from their own pockets. That is not a very difficult thing. Regarding the remuneration of the Chairman and the Vice-Chairman and the Managing Director, I have not related it to the remuneration of the Finance Minister or any other Minister. I have tried to fix it with an eye to what the people of this country earn and therefore what a man of this country should really be entitled to take. I

[Shri Sadhan Gupta]

have sought to provide that the remuneration should be a maximum of Rs. 1,500. That is the demand of the Imperial Bank staff also that the remuneration should not be under Rs. 100 and should not be over Rs. 1,500. I have therefore sought to provide a ceiling of Rs. 1,500 by amendments 140, 141, 142 to clauses 27, 28 and 29 respectively.

Shri R. D. Misra: I beg to move:

> In page 12, line 23, *after* "salary" *insert* "not exceedng two thousand and five hundred rupees per month".

Shri V. P. Nayar: I beg to move:

(i) In page 12, *after* line 27, *insert*:

> "Provided further that the overall emoluments of the Chairman shall not exceed the sum of one thousand and two hundered rupees per mensem."

(ii) In page 12 *after* line 38 *add*:

> "Provided further that the overall emoluments of the vice-chairman shall not exceed the sum of one thousand rupees per mensem."

(iii) In page 13, line 15, *add* at the end:

> "subject to a maximum of one thousand and two hundred rupees per mensem".

My amendment No. 47 is slightly different in that I wanted to fix the maximum salary at Rs. 1,200. Just now, the Finance Minister was saying that the salary has to be kept high in order to find out the proper person. There was no question of fixing it at Rs. 2,500. I am sorry that I cannot subscribe to the views of the Finance Minister because I know that India is not a country where people will grudge coming for such a job on a lesser salary. I know the Finance Minister would have made up his mind by this time as to the salary which he intends to give. We would like to know, if the Finance Minister is not accepting these sums either Rs. 1,500 or 1,200, what the Finance Minister intends to give to the Chairman. It is only on the basis of knowing his intention or the idea that the Government have about it, that we can our criticisms.

Then, there is amendment No. 52. I find that the salary and allowances that are paid to some officials, especially, the managing director is extraordinarily heavy. For example, here I quote from a letter which Shri A. C. Guha was kind enough to send me this morning. It is said:

> "The Managing director receives Rs. 7,500 per month plus sumptuary allowance of Rs. 500 and other benefits like free quarters, free use of a car......"

I think these other benefits would necessarily include various items also. Is it our objective by taking over the Imperial Bank that people should be paid Rs. 7,500 plus house allowance, plus dog allowance plus dhobi allowance and so on?

Shri U. M. Trivedi (Chittor): What would the perquisites come to?

Shri V. P. Nayar: I do not know. I do not for a moment think that people who are competent to run this institution will be so avaricious to the detriment of national economy as to insist upon a payment of Rs. 10,000 as the Finance Minister visualises. It is time that he finds out some people who will accept a lesser pay. I do not want to equate the work of the managing director or any official of the Imperial Bank with that of the Finance Minister. I should have been very glad if the Finance Minister himself accepted this work on a salary of Rs. 1,500. But, that is neither here nor there. My amendments may kindly be considered in view of what I have said. I also say that as proposed in my amendment No. 55, a maximum of Rs. 1,200 alone should be fixed for all these jobs.

Mr. Chairman: All these amendments are now before the House.

Pandit Thakur Das Bhargava: May I request you kindly to ask the Member in charge to tell us what is the proposed pay for the Chairman and the Managing director, etc.? Otherwise, the whole discussion becomes unreal. We do not know what his proposal is. What is the use of our discussing it again and again. If we do not find the proposal excessive, we may not discuss it, we may accept it. If it is too much, the Members should be allowed to have their say in the matter.

Shri S. S. More: As far as the perquisites are concerned, we are absolutely ignorant, not having worked in any banking department. Would the Government be pleased to give us some idea of the different items and the amounts which may fall under perquisites.

Shri C. D. Deshmukh: I am not in a position to make any precise proposals in regard to remuneration for the reason that I have not at the moment any gnal decision in regard to the persons to be appointed to these various jobs. So far as the managing directors are concerned, it will be a matter for the State Bank to decide afterwards. We will ensure that the remuneration paid is not on an extravagant scale to which reference has been made by the hon. Member. So far as the Cairman is concerned, it would be premature for me to come out with the name of the person that I have in mind.

Pandit Thakur Das Bhargava: We do not want the name.

Shri C. D. Deshmukh: The remuneration is connected with the name. In other words, some of the hon. Members have said that they are quite sure that they will be able to find certain persons. Supposing I name the person, supposing you were to make a conjecture as to the remuneration to be given, supposing there were to be, shall we say, some discourteous remarks as to the lack of patriotism of that particular person, I feel that we shall lose ths opportunity of having a very deserving head for the new Institution. In a matter like this, I think hon. Members have to trust the Government to a certain extent. All I can say is that the scale at which the remuneration is paid at the moment is extravagant, in our opinion. It is for that reason that in some other case, we have suggested in the case of pensions and other things, that after a certain date, we have taken powers to vary them. But, when we fix a scale, two matters will have to be taken into consideration. First the person whom we want to get. It may no stuit some deserving people. One may have private means; another may not have private means. It would be wrong to tie our hands and say because one person has private means, you offer him Rs. 1,500. That kind of economy would be, in my opinion, a false economy.

Pandit Thakur Das Bhargava: We must have the best man.

Shri C. D. Deshmukh: I think that a certain amount of freedom ought to be left to the Government. We will stand to be judged. We will announce it in due course. It will not be a secret salary. We will stand to be judged. You can try it as a matter of confidence or whatever you like. When you finally know our choice, I am sure you will be satisfied.

Shri R. D. Misra: What will be the proper amount?

Mr. Chairman: He cannot say that at the moment.

Shri C. D. Deshmukh: Anything within reason which will attract the proper man for that job.

Mr. Chairman: Now, I shall put the amendments to the vote of the House. The question is:

In page 12, *after* line 15, *add*:

"Provided that the fees and allowances for attending meetings

[Mr. Chairman]

of the Central Board shall not exceed sixteen rupees a day exclusive of reasonable travelling expenses."

The motion was negatived.

Mr. Chairman: The question is:

"That Clause 26 stand part of the Bill."

The motion was adopted.

Clause 26 was added to the Bill.

Mr. Chairman: The question is:

In page 12, line 24, *after* "perquisites" *insert*:

"not exceeding a total of one thousand and five hundred rupees"

The motion was negatived.

Mr. Chairman: The question is:

In page 12, *after* line 27, *insert*:

"Provided further that the overall emoluments of the Chairman shall not exceed the sum of one thousand and two hundred rupees per mensem."

The motion was negatived.

Shri R. D. Misra: I beg leave of the House to withdraw my amendment No. 139.

The amendment was, by leave, withdrawn.

Mr. Chairman: The question is:

"That clause 27 stand part of the Bill".

The motion was adopted.

Clause 27 was added to the Bill.

Mr. Chairman: The question is:

In page 12, line 34, *after* "perquisites" *insert*:

"not exceeding a total of one thousand and five hundred rupees."

The motion was negatived.

Mr. Chairman: The question is:

In page 12, *after* line 38, *add*:

"Provided further that the overall emoluments of the Vice-Chairman shall not exceed the sum of one thousand rupees per mensem."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 28 stand part of the Bill".

The motion was adopted.

Clause 28 was added to the Bill.

Mr. Chairman: The question is:

In page 13, line 10, *after* "allowances" *insert*:

"not eceeding a total of one thousand and five hundred rupees."

The motion was negatived.

Mr. Chairman: The question is:

In page 13, line 15, *add* at the *end*:

"subject to a maximum of one thousand and two hundred rupees per mensem".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 29 stand part of the Bill."

The motion was adopted.

Clause 29 was added to the Bill.

Mr. Chairman: We shall now take up clause 22 which had been held over earlier. The hon. Minister may move his amendments.

Shri A. C. Guha: I beg to move:

(1) In page 10, *after* line 3, *insert*:

"(bb) he has been removed or dismissed from the service of Government on a charge of corruption or bribery; or"

(2) In page 10, *for* lines *substitute*:

"(g) in the case of an elected director, he is not registered as a holder in his own right of unencumbered shares in the State Bank of a nominal value of at least five thousand rupees and in the case of an elected member of a nominal value of at least one thousand rupees."

Mr. Chairman: I will now put to the vote of the House these amendments. The question is:

In page 10, *after* line 3, *insert*:

"(bb) he has been removed or dismissed from the service of Government on a charge of corruption or bribery; or"

The motion was adopted.

Mr. Chairman: The question is:

In page 10, *for* lines 13 to 16 *substitute*:

"(g) in the case of an elected director, he is not registered as holder in his own right of unencumbered shares in the State Bank of a nominal value of at least five thousand rupees and in the case of an elected member of a nominal value of at least one thousand rupees."

The motion was adopted.

Mr. Chairman: By the adoption of these two amendments amendment No. 313 moved by Shri Ramaswamy is barred.

Shri Sadhan Gupta: There is my amendment No. 130 to clause 22. I would like that to be voted. Let the congress vote for tax evaders.

Mr. Chairman: The question is:

In page 10, *after* line 12, *add*:

"(ff) he is or has been found guilty of evading may tax by any court, tribunal, commission or other authority notwithstanding any technical defect in the constitution of such court, tribunal, commission or authority or want of jurisdiction arising from any such defect."

'Ayes' will kindly stand up in their seats.

The following hon. Members are in favour:

1. Shri H. N. Mukerjee,
2. Shri S. S. More,
3. Shri Sadhan Gupta,
4. Shri V. P. Nayar,
5. Shri Sarangadhar Das,
6. Sardar Hukam Singh,
7. Shri U. M. Trivedi,
8. Shri T. B. Vittal Rao,
9. Shri K. Subba Rao,
10. Dr. Rama Rao,
11. Shri N. B. Chowdhury,
12. Kumari Annie Mascarene,
13. Shri Tushar Chatterjea,
14. Shri Buchhikotaiah,
15. Shrimati Renu Chakravartty,
16. Shri Nanadas,
17. Shri Boovaraghasamy,
18. Shri B. Y. Reddi,
19. Shri Mushar,
20. Shri Randaman Singh,
21. Shri S. L. Saxsena, and
22. Shri Biren Dutt.

Those who are against will kindly stand in their seats.

There is an overwhelming majority against the amendment. So the amendment is lost.

The motion was negatived.

Mr. Chairman: The question is:

In page 10, *omit* lines 13 to 21.

The motion was negatived.

Mr. Chairman: The question is:

In page 10, lines 15 and 16, *for* "ten thousand rupees" *substitute* "one thousand rupees."

The motion was negatived.

Mr. Chairman: The question is:

In page 10, line 15, *for* "ten" *substitute* "one".

The motion was negatived.

Mr. Chairman: The question is:

In page 10, *after* line 16, *add*:

> "(h) he is not a citizen of India;
>
> (i) he is a person dismissed from the Government service or has been compulsorily discharged or retired or removed from Government service for corruption."

The motion was negatived.

Mr. Chairman: The question is:

In page 10, *omit* lines 27 to 36.

The motion was negatived.

Mr. Chairman: The question is:

In page 10, line 29, *for* "be void" *substitute* "become invalid".

The motion was negatived.

Mr. Chairman: I shall now put clause 22, as amended, to vote. The question is:

> "That clause 22, as amended, stand part of the Bill."

The motion was adopted.

Clause 22, as amended, was added to the Bill.

5 P. M.

Clause 30.—(*Executive and other committees of the Central Board.*)

Mr. Chairman: The question is:

> "That clause 30 stand part of the Bill."

The motion was adopted.

Clause 30 was added to the Bill.

Clause 31.—(*Meetings of the Central Board.*)

Shri A. C. Guha: I beg to move:

In page 14, line 2, *after* "behalf" *insert* "and in the absence of such authorization, any such director elected by the directors present from amongst themselves."

Shri S. V. Ramaswamy: I beg to move:

(i) In page 13, lines 23 and 24, *for* "laid down by regulations made in this behalf" *substitute* "prescribed".

(ii) In page 13, line 30, *for* "Board" *substitute* "Central Board".

In regard to amendment No. 221, I think it is a slight clerical error. I think the words "laid down by regulations made in this behalf" are unnecessary. The word "prescribed" is enough.

In regard to amendment No. 223, I think the word "Central" has been omitted. It ought to be the "Central Board". That is what it should be. I think the Government will accept these two amendments.

Shri A. M. Thomas: I beg to move:

In page 14, lines 1 and 2, *for* "authorised by the Chairman in writing in this behalf" *substitute* "duty elected from among the directors present."

With my amendment, the clause will read thus:

> "If for any reason neither the chairman nor the vice-chairman is able to be present at a meeting of the Board, any director, other than a managing director, duly elected from among the directors present, shall preside at the meeting and, in the event of equality of votes, shall have a second or casting vote".

I think it is only proper that the presiding officer at the meeting is elected from among the directors present. As the sub-clause at present stands, I do not think that such a provision exists anywhere in the constitution of any meeting. It is only proper that if the chairman and the vice-chairman are absent, the members themselves should elect a chairman from among the directors present and then conduct the proceedings. I believe that the Government will be able to accept this amendment, because it is only in the fitness of things that the persons who are present at the meeting are allowed to elect their own chairman in the absence of the chairman and the vice-chairman. When the chairman is absent it should not be left to him to nominate another chairman in writing. That is a bad precedent. I believe the Government will accept my amendment. That is what is usually done in any other meeting.

Mr. Chairman: All these amendments are now before the House.

Shri A. C. Guha: There is my official amendment which will cover this thing, that is, amendment No. 224 moved by Shri A. M. Thomas. We are ready to accept amendment Nos. 221 and 223.

Shri A. M. Thomas: I now see that amendment No. 275 covers my amendment. So I beg to withdraw my amendment No. 224.

The amendment was, by leave, withdrawn.

Mr. Chairman: The question is:

In page 13, lines 23 and 24, *for* "laid down by regulations made in this behalf" *substitute* "prescribed".

The motion was adopted.

Mr. Chairman: The question is:

In page 13, line 40, *for* "Board" *substitute* "Central Board".

The motion was adopted.

Mr. Chairman: The question is:

In page 14, line 2, *after* "behalf" *insert* "and in the absence of such authorization, any such director elected by the directors present from amongst themselves,".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 31, as amended, stand part of the Bill."

The motion was adopted.

Clause 31, as amended, was added to the Bill.

Clause 32 was added to the Bill.

Clause 33.— (*Other business which the State Bank may transact*)

Shri A. C. Guha: I beg to move:

(1) In page 15, line 16, *for* "immovable property" *substitute* "fully paid shares of companies with limited liability or immovable property".

(2) In page 17, *for* lines 1 to 4, *substitute*:

> "(xiii) the administration, whether alone or jointly with other persons, of estates for any purposes, whether as executor, trustee or otherwise, the acting, whether alone or jointly with other persons, as trustee under any settlement or debenture trust deed, or as liquidator of any banking institution, or the acting as an agent on commission in the transaction of the following kinds of business, namely:—"

(3) In page 17, line 14, *for* "nine months" *substitute* "fifteen months".

(4) In page 17, line 38, *for* "nine months" *substitute* "fifteen months".

Shri A. M. Thomas: Although I have tabled many amendments to clause 33, several of them have been csovered by the amendments introduced by the Government subsequently. So, I wish to move only two amendments.

I beg to move:

(i) In page 14, line 35, *after* "issued by" *insert* "a co-operative institution"

(ii) In page 15, lines 17 to 21, *omit*:

> "as collateral security only where the original security is one of those specified in sub-clauses (a) to (e) and, subject to such directions as may be issued by the Central Board, where the original security is one of the kinds specified in sub-clauses (f) and (g)."

[Shri A. M. Thomas].

Clause 33 authorises the State Bank to carry on and transact business on the kinds of securities detailed under that clause. One of those kinds of securities is mentioned in sub-clause (b) which runs as follows:

> "debentures or other securities for money issued by or on behalf of a district board, municipal board, committee or other local authority under the authority of any Central Act, Provincial Act or State Act or of any law for the time being in force in any other country in which State Bank has a branch";

I am surprised to find that the words "co-operation institution" are seen omitted in sub-clause (b). It is pretty well known and it is our accepted object also that co-operative institution have to be encouraged and facilities should be given for taking debentures in co-operative institutions. If on the security of debentures issued or other securities issued by co-operative institutions money will not be granted or sanctioned by the State Bank, that would be a great draw back on the scope of the business of the State Bank. Therefore, I think that amendment 225 has to be accepted in view of our declared objective.

The other amendment of mine is of a more serious character. I hope I would be allowed to speak for a few minutes in connection with that amendment, which relates to sub-clause (h) of clause 33. According to the present provision, immovable property or documents of title relating thereto can be accepted as collateral security only where the original security is one of those specified in sub-clauses (a) to (e) and, subject to such directions as may be issued by the Central Board, where the original security is one of the kinds specified in sub-clauses (f) to (g). I do not understand why taking of immovable property as security has been tabooed under the provisions of this Bill. We all know that landed property remains the main, safe and easily available form of security for agriculturists; out only for agriculturists but even for traders and industrialists. I beg to submit that landed property is an easily available form of security. There is less of risk also on account of the market fluctuations and other factors. If immovable property is taken as security, I cannot understand why it is subject to a proviso. The Government may answer that it does not want to make advances which get stuck up, where recovery is slow and that turnover may be impaired by advances of immovable property as security. That fear is based upon a misapprehension of the actual working of the several commercial banks in the country. I submit that several scheduled banks in the country make advances on the security of immovable property on deposit of title deeds and also on the basis of what is called the English mortgage. If scheduled banks, in the case of commercial banking, can advance loans and other amounts on the security of immovable property, I cannot understand why, when we want to extend the scope of the activities of the State Bank to the rural side, immovable property should deliberately be excluded. According to the Transfer of Property Act, you know that in order to facilitate dealings with regard to immovable property in towns and cities two special kinds of mortgages have been recognised. In the list of the various kinds of mortgages of immovable property we find what is called the English mortgage. The definition of English mortgage is given in section 58 if the Transfer in Property Act.

> "Where the mortgagor binds himself to repay the mortgage money on a certain date and transfers the mortgaged property absolutely to the mortgagee, but subject to a proviso that he will re-transfer it to the mortgagor upon payment of mortgage money as agreed, the transaction is called an English mortgage."

I cannot understand why if under such a transaction an amount is advanced, it should get stuck. There may not be any necessity for resorting to a court in case an English mortgage is created. Now clause (f) of Section 58 of this Acts says:

> "Where a person in any of the following towns, namely, the towns of Calcutta, Madras and Bombay * * and in any other town which the State Government concerned, may by notification in the Official Gazette, specify in this behalf, delivers to a creditor or his agent documents of title to immovable property, with intent to create a security thereon, the transaction is called a mortgage by deposit of title-deeds."

This sort of advance is regularly resorted to by commercial banks and I submit that practice should not be banned as far as the State Bank is concerned. I should think, as stated by my hon. friend Shri Matthen on a previous occasion, there is a prejudice that is working in the minds of the authorities with regard to taking immovable property as security. Even in the pattern of securities that is insisted on by the Reserve Bank difficulties are put in the smooth functioning of several commercial banks. Especially in the State of Travancore-Cochin the Reserve Bank would not approve of advances on security of immovable property. Experience indicates that amounts never get tied up if advances are made on the security of immovable property. So, I do not understand why that practice should be discouraged.

As a matter of policy Government may not in commercial transactions approve of advance of amounts on immovable property, but I would say that this practice should not be banned by a specific enactment. On the other hand having regard to the declared object of this Bill this amendment is absolutely necessary to do justice to the agriculturists who want to take loans.

Shri Matthen: I beg to move:

(i) In page 14, lines 31 and 32, *omit* "(other than immovable property)"

(ii) In page 15, *for* lines 16 to 21, *substitute*:

> "(h) immovable property or documents of title relating thereto, subject to such directions as may be issued by the Central Board".

In fact, my amendments are more or less covered by what my hon. friend Mr. A. M. Thomas has said already. My first amendment seeks to delete the words "(other than immovable property)". This is a relic of the old prejudice created by the then masters, the British Government when they did not want to help national interests. I may in this connection, tell the house that banks not only in Germany and America where the banking system started, much later but also English banks—I do not know whether it is known to the hon. Ministers—Exchange Banks like the Chartered Bank, the National Bank, the Mercantile Bank, all of them take immovable property as security. In fact, I know of a case where a factory and its property was taken in second mortgage for a large amount. My hon. friend Shri Guha said in reply to my former amendment that he did not want to adduce the reason why he opposed it, because he did not want to offend or wound the feelings of some Members of Parliament. He was extremely over-considerate when he said that, but in performing my duty I cannot be so kind as the hon. Minister himself, because in saying this I may be perhaps offending the hon. Minister.

Mr. Chairman: The Business Advisory Committee, which is a representative body of this House has fixed a time-limit for this Bill as 20 hours. We have exceeded that time limit at 4-30. It is now for the consideration of the House as to how long it wishes to sit.

Shri Matthen. You will excuse my saying that this is a very vital part of the Bill. If as the hon. Minister said, the object of this Bill is to develop rural credit and rural economy, that object will be defeated, if my amendment is not accepted. I am not talking as a politician; I am talking as ex-banker; I am talking from experience of both rural and urban banking. The very object of this Bill will be defeated, if my amendment is not accepted.

If big commercial banks can accept immovable property as security, I cannot understand why the State Bank cannot do that. The most important factor in granting advances is not this, but the credit-worthness of the party and the soundness of the proposition. That is why I said "subject to directons given by the Central Board". The Bill is simply following what the Imperial Bank and the Reserve Bank did. That is the lack of practical knowledge of the former Chief Executives of the Imperial Bank and our Ministry also is responsible for this position. In fact, I was not so earnest about removing the disqualification of M. Ps, but I am really earnest about this. I will be failing in my duty if I do not point these out, even if the time limit has been exceeded. I owe it to the country to remove this ban; otherwise the object of the Bill itself will be defeated.

Shri Sadhan Gupta: I beg to move:

In page 16, *after* line 16, *add*:

> "Provided that nothing in this Act or in any agreement shall authorise the State Bank to require any person to keep a minimum balance of more than fifty rupees in any account maintained by such person in the State Bank".

What I seek to do is to reduce the minimum balance that can be required by the Bank. Now the Imperial Bank requires, as you know, a minimum balance of Rs. 500 in any account. That is not likely to attract savings from the rural population. Therefore what we should do is to reduce it to not more than Rs. 50, so that we can really attract the poor man's deposit in the Bank.

Shri Achuthan: I beg to move:

In page 15, *after* line 21, *add*:

> "(i) immovable property or documents of title relating thereto."

I entirely agree with my hon. freind Shri Matthen. If the main object of this measure is to be achieved in this country, it must be necessary that credit facilities must be extended to farmers. Suppose my hon. friend Pandit Thakur Das Bhargava wants Rs 500 as a loan from the Bank. He is a man who has got extensive acres of land. On account of tenancy legislation, the rights and liabilities of the tenants have been settled. Our idea is to see that land becomes as valuable and as important an item of security as can be conceived in this country. So, unless this ban is lifted the object we have in view will not be achieved. You may say that there are land mortagage banks or agricultural credit societies. But they make only short term loans. They give assistance only by way of short-term loans, and they lend money on the standing and grains in crops, warehouses etc. But they do not lend money for a longer term, such as, say, 20 or 25 years, on the basis of land. Suppose I am a man who is worth about Rs. 1 lakh, and I want a loan which is 1/20th value of the property, even then Government will not give a loan only for a period of one year or fifteen months. There is no reason whatsoever for Government adopting this system of not advancing money to the agriculturists, which is not practised even by the commercial banks. They should only look to the credit-worthiness of the party and nothing more. If this policy is adopted, and if all the branches of the State Bank begin to lend money on the security of land, other banks also will reduce their rates, and they will see that money is lent to the agriculturists; if that is done, in course of time, we shall find that as a result of the adoption of this system of banking, namely giving money on the security of immovable property, both by the Government banks as well as the commercial banks, credit facilities will be made easily available to all creditworthy agriculturists who can make use of that money not only for their agricultural purposes, but also for the promotion of small-scale industries and other purpose. If that is done, I hope a stage will come when we can visualise a situation where there will not be any want of credit at all. Even if a man worth some lakhs of rupees wants only a sum of Rs. 5,000 from any of these institutions, on the security of land or other immovable property, he will be able to get that amount, and under no circumstances will Government say that they will not give that concession or facility to the agriculturists and the rural population who really form the backbone of this country.

I see therefore no valid argument why these amendments should not be accepted by Government.

Mr. Chairman: All these amendments are now before the House.

Sardar Hukam Singh (Kapurthala—Bhatinda): I am also surprised to see how this has been laid down here, when we have changed the very foundation. I might tell you that I had the occasion to consult a banker just a day or two ago, because I wanted to have his advice so far as rural credit was concerned. He was candid enough to admit that the Reserve Bank people and the Imperial Bank people know nothing about rural credit. Therefore, it is quite a new venture that they are embarking upon.

What we see here is that though the objective is different for starting this Bank, and though the foundation is being changed, yet the structure that is being put on it is just the same. It is just the same old structure put on a different foundation and base.

When the commercial banks were started, the motive was quite different. They had to deal with traders, speculators, businessmen etc. who had to go in the market and carry on their trade. And great risks were involved in that. Moreover, they were private individuals, and therefore they had to see that their money always remained in circulation, that there was easy convertibility so that they could change those securities into cash immediately whenever they wanted it. Supposing there was a rush of calls on the bank, then they had to be in a position to get the cash, and to get those securities converted. That was their main objective.

Some hon. friends may say that even when they advanced money and they had those securities, yet movable properties were preferred to immovable properties. I would like to say to them that the object then was something else. Now the object is quite different. The objective is quite different. It is not only to see that the securities can be changed at once into cash, but it is also to help the cultivators and the zamindars to establish themselves. If we really intend that we should extend some relief to them, then this provision relating to immovable property as collateral security just runs counter to what our objective is, and we fail to understand how this would help the actual zamindar or the rural man, to whom, we profess, we are going to extend this relief. We say we are going to recreate the rural areas, but this is not the way of helping them or extending them relief.

My submission is that our objective being different now, certainly there is no reason why the old structure of commercial banks should remain as it was, because in such a case the rural man would not derive any benefit from it. We are told that in other countries even the production potential is considered to be sufficient security, so far as these people are concerned. I therefore feel that if we really want to do something for these rural people, we shall have to accept that basis here also. But that can be a far thing, a thing to come in the future. For the present, we shall have to accept at least that security which would be very stable; and the best security that we can think of in this connection is the immovable pro-

[Sardar Hukam Singh]

perty which alone the rural man has got, and which is quite a safe security for us.

Shri Sarangadhar Das (Dhenkanal—West Cuttack). I too give my support to this amendment. I am also surprised at the provision in the Bill in this regard. Formerly when we had commercial banking, we know that it started with commerce; and the commercial people went in for all kinds of assets from which money could be recovered as quickly as possible. But now the position is different. We are going to give credit to the rural people for the improvement of agriculture.

We have to remember that the party who is going to take the loans is the agriculturist. In India the agriculturist does not have any other asset except his land. So, he can give only his land as security. I might tell you in this connection that even when industrialisation had become full-fledged in the United States, the small banks in the rural townships were taking landed properties as collaterals for advancing loans. Similarly, in this particular case, in our country also, I would suggest that if the purpose of Government is to have a wing of the State Bank entirely for rural purposes and for the improvement of agriculture, then that wing will have to forget what was required in the past for commercial purposes; it is absolutely essential, if they want to make a success of this venture that they should take landed properties also as collaterals.

Several Hon. Members *rose*—

Mr. Chairman: Everyone wants to peak now. There is no time left.

Pandit Thakur Das Bhargava: There is no question of everyone wanting to speak now. This is such an important point that we should be given the opportunity to talk on this. I have given notice of an amendment also in this respect.

Mr. Chairman: I think the point has been sufficiently stressed, and its importance has been brought out. So, I do not think there is any need to speak on that now.

Shri A. C. Guha: If you would permit me to intervene for two minutes, I think the position may be clarified to a great extent.

This Bank is intended to give only short-term credit. It is not the purpose of this Bank to enter into long-term credit transactions. That purpose is reserved for the Reserve Bank, which will do it through the co-operative banks. I would like to refer hon Members to the following recommendation of the Rural Credit Survey Committee made in para 22 on page 539 of their report:

> "For its part, the State Bank of India should endeavour to be responsive to the needs of co-operative institutions connected with credit, *and especially marketing and processing*".

So, this Bank will cater to the needs of marketing, processing and warehousing mainly. It has been stated in that report that there will be a co-operative development board, and that this Bank will operate only through that agency. It cannot enter into any transaction with the primary tenants by taking land as security.

Shri Matthen: Why not?

Shri A. C. Guha: Because it is not intended to enter into long-term credit transactions.

Shri A. M. Thomas: That is a misconception.

Shri A. C. Guha: I might point out that quite a large number of banks got into trouble in West Bengal because of their investment in land and immovable property.

Shri Matthen: It was because of the dishonesty of the parties. I mean the management, not because of immovable property. I will challenge the hon. Minister to show one bank which does not advance money on immovable property—except the Imperial Bank—either in India or outside.

Pandit Thakur Das Bhargava: The point at issue is quite different. The hon. Minister has read out the scheme. So far as marketing, processing and warehousing are concerned, credit will be advanced by this Bank. In regard to long term credit etc., it is the Reserve Bank who will work through co-operative banks etc. But I am surprised, when this Bank is a bank which shall have two sides, rural side as well as the other, what difficulty is there in giving powers to this Bank to mortgage or even to take over immovable properties when necessary? Immovable property is the best form of security in India. People generally do not advance money on any security but land because it is the best form of security. They are giving the best security possible, if the bank wants that. My friend Shri Matthen is prepared to give a challenge to the Government in this regard. I must submit that the point of the Govt. is very strange. While we are even reorientating the pattern of the bank to a certain extent, yet we are not willing to have this kind of security acceptable to the bank. Now, I can understand; so far as the old bank was concerned, it was quite possible that, because that bank had nothing to do except to cater to the needs of the commercial people and the industrial people, they wanted ready cash every time. Here the position is quite changed. At the same time, it deals further on with court of wards and so on. What security can the court of ward produce except land. Therefore, my humble submission is: whatever the policy may be, whatever may be given in this Report, independent of that, there is very good reason why we should.........

Shri A. M. Thomas: The Report only says it should be short-term. It never says that the pattern of security should be like this.

Pandit Thakur Das Bhargava: What I want to suggest to the hon. Minister is, so far as the question of security is concerned, he should agree that this being the best form of security, the pattern of the bank and the policy having been changed, they should not follow the very wording of the old Imperial Bank Act, but they should accept this best form of security.

Now, I have got an amendment on the same point to clause 34. There they have got a provision like this:

> "Save as otherwise provided in section 33, the State Bank shall not own or acquire etc. etc."

I have given notice of an amendment seeking to take away this portion. My humble submission is that, the pattern having been now changed, the bank should accept this form of security. My friend has read out to you about the English Mortgage. The practice in England was followed here. With regard to Indian mortgage, previously there was a kind of mortgage on the basis of this English mortgage and it was the recognised form of mortgage. Now, to regard this kind of immovable property as not good security is a wrong by itself. For a bank of this nature to say that this kind of immovable property will not be taken as security is just like playing Hamlet without the Prince. I cannot think of it that, that kind of immovable property will not be reliable and will not serve as good security.

Shri C. D. Deshmukh: Sir, hon. Members who have spoken, have spoken with a certain air of authority. One hon. Member said he has been a banker. I cannot claim that I have been a commercial banker and my record there is not as good as his.

Shri Matthen: Nothing to be ashamed of.

Shri C. D. Deshmukh: I know you have been a good banker.

Shri Matthen: It is nothing......

Shri C. D. Deshmukh: I say, you have been a good banker, but nevertheless I have been associated with central banking which is connected with the control of commercial banking and during the course of my tenure of the Reserve Bank I did learn something about the dangers of taking certain kinds of securities.

Shri V. P. Nayar: But, little knowledge is a dangerous thing.

Shri C. D. Deshmukh: If ten years' association with the central banking of a country is little learning, I think the time the hon. Member takes to learn a thing is very long indeed.

Shri Matthen: Power of absorption is really weak.

Shri C. D. Deshmukh: My power of absorption has been slightly better, apparently, compared to the hon. Member and in ten years I have learned quite a lot as to the dangers of banking. It is on the recognition of that, that we frame the Banking Companies' Act and so on and gave powers to the Reserve Bank to control the affairs and guide the affairs of commercial banks.

Shri Matthen: Lack of knowledge of the Reserve Bank is the root cause of all these things.

Shri C. D. Deshmukh: When two authorities pose themselves against each other, then there is no solution. It is for the House to judge who has the greater experience in the matter under discussion. I cannot keep on carrying a conversation across the table with the hon. Member as to who is right. I can only state my reasons for what I am doing.

The first series of bank failures that I came across as Governor of the Reserve Bank was in Bengal where we had a large number of land Companies. These Companies primarily gave money on tea estates and various other landed properties. It is because they did that, because their business was largely confined to that, that came to grief. I do not know what the total tale of woe is, but I believe depositors in Bengal had probably about Rs. 50 crores of deposits in jeopardy as a result very largely of lending money on the security of land. Now, I do not say that money should not be advanced on the security of land. It is indeed the purpose of co-operative land mortgage business and may be other joint stock business. If they collect long-term money then they are welcome to advance money on security like this. There is no particular magic in land as security. It can also deteriorate in value. Those who were connected with co-operative movement during 1930-31 had very bitter experience of what can happen to land as security. I know of a central bank in Berar in Madhya Pradesh which failed. At one time about 90,000 acres of land were taken by it as security. Now, the hon. Member said that land is a very good security and yet not a single acre out of those 90,000 acres, they were able to cultivate. The land was spread all over in small parts. This was in one particular district. When they tried to cultivate it or tried to lease it out, then the debtors who were all around, they took jolly good care that the co-operative bank was not able to cultivate the land. I do not think that we have any right to jeopardise public money, apart from private money which will be there in the State Bank as a share in this kind of venture. And, it is for this reason that eminent men led by Shri Gadgil who served on the Expert Committee—Shri Gadgil is one of our foremost economists who knows something about agricultural finance—I certainly think he knows more about agricultural finance than any other Member—with all respect to them—knows—he was one of the doyers of the Expert Committee—there were other offices with administrative experience also and they came to the conclusion that in this expansion of the Imperial Bank we had better confine ourselves to certain things which were referred to by my colleague. There was however some slight mistake in what he said. My hon. colleague said that the Reserve Bank does only long-term business. That is not so. In the money that they lend out to co-operative institutions they also finance short-term operations—production operations—and figures have often been given to the House in this respect. I began this particular system by which, I think, in the first year we lent Rs. 50 lakhs and today it is Rs. 15 crores. There is no reason why the sum should not increase. Therefore, so far as the co-operative land from their members. Then, there is another signature which is that of the district bank or apex bank. It is on that double security that the Reserve Bank gives money at 1.5 per cent. We ensure, as hon. Members know, that the money reaches the cultivator at a reasonably low rate of interest. There have been certain difficulties in that matter, but we are trying to face them. So, it is not as if the main function of agricultural production is not helped by the Reserve Bank. But, it is helped in a different manner. If that is so, when we are not putting any limits on that particular kind of business, I do not see why so far as this commercial bank is concerned we should make any such provision. This is a joint concern, partly commercial and partly this. It is not as if a separte institution is started only for agricultural credit in which case we might have taken care to see that the monies with which they operate are secured in a different way. But these are still short-term deposits and, therefore, we have to take care that they talk of business which is ordinarily taken on by commercial banks. That is why we have already passed that clause about business principles subject to public interest. Public interest might involve a certain amount of relaxation of this principle. But, the main principle must remain the same. Therefore, I suggest that hon. Members should not confuse the two issues and should not over-estimate our intentions in starting this particular Bank. I am sure if we extend the branches in the rural areas we shall have various advantages like marketing, and when warehouses come we shall be able to take even crops against pledged loans. And it will be a very good supplementary to the other scheme which is being operated by the Reserve Bank.

Lastly, I should say even in regard to commercial banks, with all due respect again to my friend Shri Matthen......

Shri Matthen: I can quote it.

Shri C. D. Deshmukh: The Reserve Bank has been issuing instructions to other commercial banks also not to lend on the security of immovable property.

Shri Matthen: Foreign exchange Banks, Mercantile Bank in India—in private I can give you.

Shri C. D. Deshmukh: The practice is frowned upon by the Reserve Bank.

Shri A. M. Thomas: And because of that direction, rural banking has suffered in my State in particular.

Shri C. D. Deshmukh: If agricultural credit has suffered in the hon. Member's State we have to find out the reasons why it has suffered. But, as I say, there is no reason why it should not have participated in the other scheme which is operated by the Reserve Bank, namely the short-term credit through co-operative institutions.

Whatever it may be, it is a question of whose voice should be regaried as authoritative. I am not speaking now as ex-Governor of the Reserve Bank, because hon. Members can say that what little I learnt in ten years I might have forgotten in the next six years that I have been in Parliament and so on. That is quite possible. But I do suggest that finally you should be guided (a) by the Expert Committee and (b) by the advice of the Reserve Bank which is dealing with this matter and which, under the law that we have passed, is responsible for maintaining the health of our banking institutions.

Mr. Chairman: I shall first put the govenment amendments to clause 33, that is amendments Nos. 276, 277, 278 and 279.

The question is:

In page 15, line 16, *for* "immovable property" *substitute* "fully paid shares of companies with limited liability or immovable property".

The motion was adopted.

Mr. Chairman: The question is:

In page 17, *for* lines 1 to 4, *substitute*:

"(xiii) the administration, whether alone or jointly with

[Mr. Chairman.]

other persons, of estates for any purpose, whether as executor, trustee or otherwise, the acting, whether alone or jointly with other persons, as trustee under any settlement or debenture trust deed, or as liquidator of any banking institution, or the acting as an agent on commission in the transaction of the following kinds of business, namely:—"

The motion was adopted.

Mr. Chairman: The question is:

In page 17, line 14, *for* "nine months" *substitute* "fifteen months".

The motion was adopted.

Mr. Chairman: The question is:

In page 17, line 38, *for* "nine months" *substitute* "fifteen months".

The motion was adopted.

Mr. Chairman: I shall now put all the other amendments to clause 33.

Shri A. M. Thomas: That will be difficult, because with regard to certain amendments they are mutually conflicting amendments also.

Mr. Chairman: Whatever may be the conflict. I shall put all the other amendments to vote.

The question is:

In page 14, lines 31 and 32, *omit* "(other than immovable property)".

The motion was negatived.

Mr. Chairman: The question is:

In page 15, *for* lines 16 to 21, *substitute*:

"(h) immovable property or documents of title relating thereto, subject to such directions as may be issued by the Central Board."

The motion was negatived.

Mr. Chairman: The question is:

In page 14, line 35, *after* "issued by" *insert* "a co-operative institution".

The motion was negatived.

Mr. Chairman: The question is:

In page 15, lines 17 to 21, *omit*:

"as collateral security only where the original security is one of those specified in sub-clause (a) to (e) and, subject to such directions as may be issued by the Central Board, where the original security is one of the kinds specified in sub-clauses (f) and (g)"

The motion was negatived.

Mr. Chairman: The question is:

In page 16, *after* line 16, *add*:

"Provided that nothing in this Act or in any agreement shall authorise the State Bank to require any person to keep a minimum balance of more than fifty rupees in any account maintained by such person in the State Bank".

The motion was negatived.

Mr. Chairman: The question is:

In page 15, *after* line 21, *add*:

"(1) immovable property or documents of title relating thereto."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 33, as amended, stand part of the Bill."

The motion was adopted.

Clause 33, as amended, was added to the Bill.

Clause 34.—(*Business which the State Bank may not transact*).

Mr. Chairman: There is a government amendment, No. 280.

Shri A. C. Guha: I beg to move:

In page 19, *after* line 19 *add*:

"Provided that if any such building or other accommodation is not immediately required for any of the purposes of the State Bank, the State Bank may utilize it to the best advantage by letting it out or in any other manner."

Mr. Chairman: Is there any other amendment?

Pandit Thakur Das Bhargava: There are two amendments of mine, No. 146 and No. 147. No. 147 I am not moving in view of the decision just now taken by the House. I shall move only No. 146.

I beg to move:

In page 19, line 14, *for* "may be provided in regulations," *substitute*:

> "may be allowed in the regulations, provided that no director or chairman or vice-chairman or managing director or any other official of the Government or State Bank shall be allowed to overdraw such account without full security".

In regard to this amendment I do not want to take much time but I want only to submit that when it becomes a bank of this character, the likelihood is that orders will issue from government officials and others that "you allow us to overdraw". So far as government officials and officials of the Ministry are concerned, I want that they should not be allowed to overdraw upon their accounts without full security.

This is an amendment which, I think, should be accepted by the Government in their own interests. Otherwise, if these officers were drawing on their own account without security, where will the Bank be. I will not take more time on this. I will only request the hon. Minister to look into it. Let him at least consider it.

Shri A. C. Guha: Sir, we are not prepared to accept it.

Mr. Chairman: The question is:

In page 19, line 14, *for* "may be provided in the regulations," *substitute*:

> "may be allowed in the regulations provided that no director or chairman or vice-chairman or managing director or any other official of the Government or State Bank shall be allowed to overdraw such account without full security".

The motion was negatived.

Mr. Chairman: I will now put the government amendment.

The question is:

In page 19, *after* line 19, *add*:

> "Provided that if any such building or other accommodation is not immediately required for any of the purposes of the State Bank, the State Bank may utilize it to the best advantage by letting it out or in any other manner."

The motion was adopted.

Mr. Chairman: The question is:

> "That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

Clause 35.— (*State Bank may acquire the business of other Banks.*)

Mr. Chairman: Which are the amendments?

Shri A. C. Guha: No. 281.

Mr. Chairman: Please verify. It is wrongly written here.

Shri A. C. Guha: It is No. 281.

I beg to move:

In page 19, line 27, *after* "institution concerned" *insert* "and are also approved by the Reserve Bank".

Shri Sadhan Gupta: I beg to move:

In page 20, *after* line 8, *add*:

> "(5) A Banking institution, the business of which has been acquired by the State Bank under sub-section (1), shall not carry on the business of banking after the State Bank has completed such acquisition."

Dr. Krishnaswami (Kancheepuram): Then my amendment No. 148.

Mr. Chairman: You have not tabled it.

Dr. Krishnaswami: I have tabled it.

Mr. Chairman: All right.

Dr. Krishnaswami: I beg to move:

In page 19, lines 20 to 22, *for* "may with the sanction of the Central Government, and shall, if so directed by the Central Government in consultation with the Reserve Bank" *substitute:*

> "shall with the sanction of Parliament obtained by means of a resolution moved and adopted in each House thereof."

Mr. Chairman: I think Members should be short now. All these amendments are now before the House.

Shri Sadhan Gupta: Regarding my amendment No. 150, my object is to ensure that the monopoly of the banking business, after State banks or other banks are acquired, should vest in the State Bank. By clause 35 the State Bank is entitled to acquire the business of other banks, but there is no prohibition in clause 35 or in any other clause that after the acquisition of the business the bank whose business is acquired will cease to do business. For all you know, after acquisition has been made with compensation and so forth, the bank whose business is acquired may still go on competing with the State Bank. (*An Hon. Member*: How?). That is the way it may happen.

[PANDIT THAKUR DAS BHARGAVA *in the Chair.*]

It may start doing business. So I have sought to provide in clause 35, by adding sub-clause (5), that this should not happen.

Shri S. S. More: Is it not a fact that no bank can operate without licence from Government and it rests with Government to cancel it the moment its business is acquired? It is not a grocery shop that can be run.

Dr. Krishnaswami: Clause 35 is an enabling clause. I am glad to find that the experts have been over-ruled by the Government in this connection, experts to whom the Finance Minister paid such a glowing tribute. They wanted the State-associated banks first to be integrated and the Imperial Bank to be nationalised. I am glad that the Finance Minister has rejected that proposal and started straightway with nationalising the Imperial Bank.

I suggest even this enabling clause need not be in this Bill. But assuming that it should be there—and I am glad that it is there—I feel that there ought to be certain proper safeguards. I feel that so far as the state associated banks are concerned, that is such State banks as the new bank that we are going to have, namely, the new State Bank, with about 25 per cent. of the commercial credit structure in our hand, unless we make it good there is no meaning in attempting to swallow up the other State associated banks which are doing good business. The Mysore State Bank, for instance, has been doing excellent business. It is not worth your while...

Mr. Chairman: His amendment is very very clear and he has expatiated on it at the time of the first reading. Now if he goes into the merits....

Dr. Krishnaswami: I am only on the Parliament coming in.

Mr. Chairman: But the hon. Member proposes to go into the merits of each Bank. For instance, he started with the Mysore Bank. I am afraid if he goes on like this with each and every Bank it would not be right. I will request the hon. Member to confine his remarks to the present position.

Dr. Krishnaswami: I am not going into the merits of each and every Bank. What I am suggesting is that unless the Government finds that the resources are inadequate, it should not nationalise the other Banks. I, therefore, sugest that Parliament should be taken into confidence and they should come up to Parliament with a resolution and obtain the sanction of both Houses of Parliament for the purpose of acquiring the State Associated Bank. I think this is a proper safeguard and I do not think the Central Government, on its own initiative, should take over the State-associated banks. Let Parliament be taken into confidence and let Parliament pronounce on the merits or otherwise of the acquisition of any State-associated bank.

Shri S. S. More *rose*—

Mr. Chairman: There are only two amendments and they have been sufficiently discussed.

Shri S. S. More: Sir, only Dr. Krishnaswami has spoken and I want to plead further the rights of the Parliament. If you think it is needles, I am prepared to sit down.

Mr. Chairman: I do not want to stand between Mr. More and the House; but I would request him kindly to be brief.

Shri S. S. More: So far as the powers given by clause 35 are concerned, the Government will be authorised to take over the business of any number of Banks and where does Parliament stand? As far as this measure is concerned, we are trying to scrutinise from the point of view of the rural interests and the commercial interests as representatives of the people outside, and we are doing our duty. It is our responsibility to play the role of the watchdog. I feel that if clause 35 is passed, then the Central Government, the Reserve Bank and the State Bank, all these put together can acquire any number of banks on any terms, possibly extravagant, and yet Parliament will not be in a position to scrutinise the terms.

Take, for instance, sub-clause (3):—

> "The consideration for the acquisition of any banking institution or of any assets or liabilities of a banking institution under this section may, if so agreed upon, be paid either in cash or by allotment of shares...."

Even this consideration must be made a matter amenable to the security of Parliament. Here, according to clause 9 read with Schedule I, we are discussing the taking over the shares against a compensation value of one thousand seven hundred and sixty-five rupees and odd. We are so much agitated over this matter. But, the moment this clause is passed, it is quite possible, it is quite open, that a share whose worth is about Rs. 200 may be acquired by all these three for even Rs. 2000. I think that will be quite possible and, so, I would say that the amendment which has been moved is perfectly reasonable.

Then I have got another point. We have passed this Constitution (Fourth Amendment) Bill, and it has become an Act. There, you have got section 31(2A). When there is no transfer of property or the right to possession is not acquired by any State or State-owned corporation, certain things have to be done. This State Bank is a corporation controlled by the Government; it is practically a State venture. I am not positive about it, but I have got the suspicion—it is for legal experts to say whether that particular clause is circumvented by this particular provision or not, or whether a certain conflict will develop between that 31(2A) and this clause 35. It is for you and other legal experts to see whether that amendment of the Consitution is not circumvented by this: Therefore, I say there must be parliamentary supervision, some scope for Parliamentary supervision, and the least that can be expected on the part of Government is to accept the modest amendment which has been put in by Dr. Krishnaswami.

Shri A. C. Guha: There is already some provision in the Banking Companies Act that some banks may amalgamate themselves. We have put nothing new here. It is not possible for the State Bank to come before Parliament every time with a resolution for approval. This is more or less an administrative measure and in the Banking Companies Act there is a similar provision, though not exactly

[Shri A. C. Guha.]

on these terms. That is for voluntary amalgamation. So, we are not prepared to accept this amendment.

Mr. Chairman: Is there any other amendment and is there any Member who wants to speak?

Sardar Hukam Singh: I have no other separate amendment; I want to support Dr. Krishnaswami's amendment.

Mr. Chairman: The question is:

In page 19, line 27, *after* "institution concerned" *insert* "and are also approved by the Reserve Bank".

The motion was adopted.

Mr. Chairman: The question is:

In page 20, *after* line 8, *add*:

"(5) A Banking institution, the business of which has been acquired by the State Bank under sub-section (1), shall not carry on the business of banking after the State Bank has completed such acquisition."

The motion was negatived.

Mr. Chairman: The question is:

In page 19, lines 20 to 32, *for* "may, with the sanction of the Central Government, and shall, if so directed by the Central Government in consultation with the Reserve Bank" *substitute*:

"shall with the sanction of Parliament obtained by means of a resolution moved and adopted in each House thereof."

The motion was negatived.

Mr. Chairman: The question is:

"That clause 35, as amended, stand part of the Bill."

The motion was adopted.

Clause 35, as amended, was added to the Bill.

Clause 36.—(*Integration and Development Fund*)

Mr. Chairman: There is one amendment of Shri Sadhan Gupta.

Shri Sadhan Gupta: I beg to move:

In page 20, lines 14 to 16, *for* "on such shares of the State Bank held by it as do not exceed fifty-five per cent. of the total issued capital" *substitute* "on the shares of the State Bank held by it".

Sir, the purpose of my amendment is to remove the restriction of 55 per cent. The Integration and Development Fund would be at the disposal of the Reserve Bank and would, obviously, be used for the purpose of promoting the welfare of the country and there should be no limit to the dividend that can be paid into it. Therefore, I would suggest that my amendment be accepted.

Mr. Chairman: The question is:

In page 20, lines 14 to 16, *for* "on such shares of the State Bank held by it as do not exceed fifty-five per cent. of the total issued capital" *substitute* "on the shares of the State Bank held by it".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 36 stand part of the Bill."

The motion was adopted.

Clause 36 was added to the Bill.

Clause 37 was added to the Bill.

Clause 38.— (*Disposal of Profits*)

Shri A. C. Guha: I beg to move:

In page 21, line 6, *omit* "annual".

Shri Sadhan Gupta: Sir, I have got four amendments, 152, 153, 154 and 155, I beg to move:

(i) In page 21, line 3, *after* "superannuation funds" *insert* "including pension and provident fund".

(ii) In page 21, line 3, *after* "all other matters" *insert* "including payment of bonus"

(iii) In page 21, line 7, *omit* "Subject to the provisions of paragraph 6 of the First Schedule"

(iv) In page 21, *after* line 8, *add*:

> "Provided that the rate of dividend paid on any share other than a share allotted to the Reserve Bank shall not exceed four per cent."

First of all, I am opposed to any restriction on the dividend payable to the Reserve Bank. Therefore, the restriction of the dividend of 4 per cent to the Reserve Bank is opposed and that is the purpose of amendment No. 154 which seeks to remove the phrase, 'subject to the provisions of paragraph 6 of the First Schedule'.

On the other hand, I want the dividend of the private sector to be restricted and, therefore, I have proposed an amendment No. 155.

6 P.M.

Besides these, I have also moved two other amendments calculated to safeguard the position of the staff. Clause 38 provides for certain appropriations to be made and mentions superannuation fund, gratuity and so on. The danger is that non-mention of pensions may imply that this may not be provided for and the same would apply in the case of bonus. Therefore, I have moved that pensions and bonus also may be provided for in the appropriations. This is the purpose of the amendments 152 and 153.

Mr. Chairman: The question is:

In page 21, line 6, *omit* "annual".

The motion was adopted.

Mr. Chairman: I shall now put amendments Nos. 152, 153, 154 and 155.

The question is:

In page 21, line 3, *after* "superannuation funds" *insert* "including pension and provident fund"

The motion was negatived.

Mr. Chairman: The question is:

In page 21, line 3, *after* "all other matters" *insert* "including payment of bonus"

The motion was negatived.

Mr. Chairman: The question is:

In page 21, line 7, *omit* "Subject to the provisions of paragraph 6 of the First Schedule"

The motion was negatived.

Mr. Chairman: The question is:

In page 21, *after* line 6, *add*:

> "Provided that the rate of dividend paid on any share other than a share allotted to the Reserve Bank shall not exceed four per cent."

The motion was negatived.

Mr. Chairman: The question is:

> "That clause 38, as amended, stand part of the Bill."

The motion was adopted.

Clause 38, as amended, was added to the Bill.

Clauses 39 and 40 were added to the Bill.

Clause 41.— (*Audit*)

Shri A. C. Guha: I beg to move:

In page 22, *after* line 35, *insert*:

> "(7A) The auditors shall also forward a copy of the audit report to the State Bank."

Shri Sadhan Gupta: I beg to move:

(i) In page 21, line 30, *after* "such remuneration" *insert* "not exceeding a total of one thousand five hundred rupees per month"

[Shri Sodhan Gupta.]

(ii) In page 22, lines 37 and 38, *after* "such auditor" *insert* "including the Auditor-General"

I do not want to make a speech.

Shri S. L. Saksena: I beg to move

In page 21, lines 28 and 29, *for* "Reserve Bank in consultation with the Central Government" *substitute* "the Auditor-General of India."

I am surprised that this Bill has sought to usurp the functions of the Auditor-General of India. I think it is an important function. It is not proper that the Reserve Bank should be able to appoint auditors and by pass the Auditor-General. I want that auditors should be appointed by the Auditor-General of India.

Mr. Chairman: The question is:

In page 22, *after* line 35, *insert*:

"(7A) The auditors shall also forward a copy of the audit report to the State Bank."

The motion was adopted.

Mr. Chairman The question is:

In page 21, line 30, *after* "such remuneration" *insert* "not exceeding a total of one thousand five hundred rupees per month"

The motion was negatived.

Mr. Chairman The question is:

In page 22 lines 37 and 38, *after* "such auditor" *insert* "including the Auditor-General"

The motion was negatived.

Mr. Chairman The question is:

In page 21, lines 28 and 29, *for* "Reserve Bank in consultation with the Central Government" *substitute* "the Auditor-General of India"

The motion was negatived.

Mr. Chairman The question is:

"That clause 41, as amended, stand part of the Bill."

The motion was adopted.

Clause 41, as amended, was added to the Bill.

Sardar Hukam Singh: May I enquire whether we shall continue till we finish this Bill? We have to go to the Rashtrapati Bhavan. That function is there. There is clause 9 and the Schedule. That would take a long time. We cannot finish. We should have some time at least to change and go.

Mr. Chairman: Unfortunately, I was not here in the House—it was reported to me—when the Speaker was pleased to say that this Bill is to be finished today. The hon. Speaker has made this direction in accordance with the decision of the Business Advisory Committee and with the concurrence of the House.

Sardar Hukam Singh: I actually made this request keeping in view that observation of the hon. Speaker. He had made such a direction. We find it would not be possible Clause 9 and the Schedule may take one hour at least.

Mr. Chairman: The difficulty is, the Speaker has made that order and the order was accepted by the House. The Business Advisory Committee had also agreed to this. We have exceeded that time. The House knows that we have to go through the Hindu Marriage Bill and also send the Succession Bill to the Joint Committee. Therefore, we are short of time. In order to carry out the orders of the Business Advisory Committee and the Speaker, I am afraid we should sit till this Bill is finished.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): May I make a submission? It is not only the decision of the Business Advisory Committee. The decision was placed by the Speaker before the

House. I moved a formal motion and the House has accepted it. It was the order of the House.

Shri H. N. Mukerjee (Calcutta North-East): May I make a submission? I know very well that the decision of the Business Advisory Committee was placed before the House. But you will appreciate that even physically speaking, the House has done its utmost to expedite the passage of this Bill. It so happens that Government comes at the fag end of the session with legislation of this sort and wants us to push it through as soon as ever it is possible. For ourselves, we are doing all that we can. Now, is seems that if some time can be taken later on out of the time at the disposal of Government, possibly we shall discuss this legislation with much greater effect. It is the business of Parliament to have an effective discussion. If we have to be hurried at this stage even beyond the usual processes of parliamentary expedition, then, naturally, legislation suffers. I know that this Bill has to go to the other House. May be, the other House can sit for another extra day just as we have been asked to sit on the 7th of May. May be some kind of *via media* might be discovered, because I do feel that there is great force and cogency in Sardar Hukam Singh's suggestion.

Mr. Chairman: I find from the statement here, the Speaker said:

> "According to this we sit from next Monday. I could start today or tomorrow, but the difficulty is that there is no time to inform the absentee Members. Tomorrow I may not be able to inform the absentee Members. If we sit tomorrow from 11, we continue as long as necessary for finishing the State Bank Bill, so that we start with a clean slate on Monday."

That was the decision.

Shri S. S. More: This does not mean that we sit till midnight.

Shri S. L. Saksena: The quality of the work would not be there.

Shri S. S. More: May I make a submission?

Mr. Chairman: Let me first deal with what Shri H. N. Mukerjee has said. The hon. Member said that we are rushing through and that the business is not done properly. So far as the business is concerned, I do not think that statement is right. Almost every amendment has been moved, debated upon and voted also. Three or four divisions have taken place. This is not a right complaint. At the same time, it is not a question of the Speaker only making this remark. The House is committed to that. It is true that this Bill has come at the fag end. The Business Advisory Committee had considered this and their report was accepted by the House at the fag end. We have allowed 20 hours.

Shri S. S. More: The House is entitled to revise its decision.

Mr. Chairman: There is no doubt about that. If the House does not want to sit, I am not going to force the House to sit.

Shri Sarangadhar Das: I may say.....

Mr. Chairman: Order, order. When the Chair is speaking, the hon. Member should not interrupt. The hon. Member should at least respect the Chair this much.

I was submitting that it is not a matter of forcing the House to sit and finish everything. After all, the House was agreeable and the House is committed. I am only submitting that if our Speaker makes a remark and gives an order we ought to respect it.

Shri S. S. More: Can we not re-put it to the House?

Mr. Chairman: There is no question of re-putting it to the House. I am not going to get a review. I am clear, if the House is not agreeable, if that is the sense of the House, I cannot force it. The House is a responsible House.

Shri S. S. More: The House is not agreeable.

Shri Satya Narayan Sinha: How do you say that the House is not agreeable?

Shri S. S. More: That is my impression.

Mr. Chairman: It is not a question of impression.

Dr. Rama Rao (Kakinada): May I make a submission? There is the President's *At Home* from 7 o'clock. I think it will be proper that we adjourn between 7 o'clock and 8 o'clock and we again sit from 8 o'clock.

Mr. Chairman: From this, I conclude that the House is quite agreeable to sit.

Shri Venkataraman: I may recall a precedent. We sat late in the night on the Press Bill. Government provided us food. I do not think they will object to giving us food for the night today also.

Mr. Chairman: I remember that day. That is quite true. At the same time. I want to take the sense of the House. If the House is agreeable, I will go on. So far as I am concerned, we are committed to it. If the House is not agreeable, I cannot force the House. I will take the sense of the House.

An Hon. Member: We may sit tomorrow.

Mr. Chairman: I have no objection if the House wants to sit tomorrow or longer today so that the Bill may be discussed in the manner in which it has already been discussed. I do not want that it may be rushed through. If the House is agreeable to sit, I have no objection. Let me take the sense of the House.

Shri Sarangadhar Das: The Business Advisory Committee had fixed a certain number of hours, but that does not mean that we should sit till late at night. From what the Speaker had said, we were thinking that the House would sit till 7 o'clock. But we cannot go on sitting till 11 or 12 in the night.

Mr. Chairman: I do not understand the objection of the hon. Member, if the House sits longer. As Shri Venkataraman has remarked, there is already a precedent. We then sat till 9 or 10 in the night to pass the Press Bill. I am only guided by the sense of the House—that is the only consideration for me. The Business Advisory Committee accepted this and the House also accepted this. If the House now wants to undo that decision, it can do so. I will take the sense of the House.

Shri T. N. Singh (Banaras Distt.-East): May I make a submission? It is not proper that the House should be asked to vote on this when we have already decided the matter and the House has already given its approval to it. We cannot go on changing decisions like this.

Mr. Chairman: Order, order. The hon. Member fully knows that the House and the Business Advisory Committee had allotted only 20 hours for this Bill. We have exceeded that limit. Does the hon. Member think that I ought to have put all the clauses to vote at the end of 20 hours? We have not done so. I want to take the sense of the House and proceed accordingly. I would request those hon. Members who wish that this Bill should not be proceeded with just now to kindly stand in their seats.

The following are their names:—

1. Shri S. S. More,
2. Sardar Hukam Singh,
3. Shri Sarangadhar Das and
4. Shri Sadhan Gupta.

Mr. Chairman: I take it that the sense of the House is that we proceed with the Bill. (*Interruptions*).

Clause 42.—(*Balance sheet etc. of State Bank may be discussed at general meeting*)

Shri Sadhan Gupta: I beg to move:

(i) In page 23 *after* line 8, *add*:

"(1A) A prescribed number of representatives to be elected by the employees in each local head office and in each branch of the State Bank shall be entitled to participate and vote in the annual general meeting;

(1B) Each representative elected by the employees shall be entitled to cast the number of votes which is arrived at by dividing the number of shares issued by the total number of representatives of employees who are present at the annual general meeting."

(ii) In page 23, line 9, *after* "shareholders" *insert* "and representatives of the employees."

What I want to provide by these amendments is the participation, and voting, of the employees' representatives in the annual general meeting. I have unsuccessfully tried to get employees' representatives on the Central Board, but I think there cannot be any objection at least in general meetings to get the employees associated. Therefore, I have moved these two amendments. Amendment No. 158 reads......

Mr. Chairman: He need not read it. It is quite clear what the intention is.

Shri Sadhan Gupta: Amendment No. 159 provides for the election of a prescribed number of representatives by the employees and says that each representative elected by the employees shall be entitled to cast the number of votes which is arrived at by dividing the number of shares issued by the total number of representatives of employees who are present at the annual general meeting. Amendment No. 159 seeks to enable the shareholders and employees' representatives also to discuss the balance sheet, profit and loss account and so forth. That is my object.

Mr. Chairman: These two amendments are now before the House.

Shri H. N. Mukerjee: May I say a few words? I do not want to take the time of the House any more than I must. But it is only because I see the Labour Minister and also the Prime Minister accidentally present that I wish to press the amendments which have just been moved. The Labour Minister, though he does not seem to be particularly attentive to the proceedings, said during the course of the discussion of the Demands for Grants of the Labour Ministry that he was trying to work out certain schemes for the association of employees with the direction of particular business organisations. Now, I want to find out from Government—because I take it that there have been Cabinet meetings before the formulation of the State Bank Bill was finalised—whether in regard to important legislation of this sort, the Labour Ministry, as part of the apparatus of Government, has given its attention to this problem at all. On this question of the association of employees with the direction the Prime Minister has also spoken several times about working from the base and so on and so forth, how imposition from above is not the right way of setting about reforms, etc. I would like to know how far this idea of the association of employees in the direction of banks, as a very representative specimen of our industry, can be sought in this Bill be pursued.

I wish, therefore, to have some idea of what Government's intentions in regard to this point are, and I take advantage of the presence of so many Cabinet Ministers to press these amendments which have been put before the House.

Shri A. C. Guha: We oppose the amendments.

Mr. Chairman: The question is:

In page 23, *after* line 8, *add*:

"(1A) A prescribed number of representatives to be elected by the employees in each local head office and in each branch of the State Bank shall be entitled to participate and vote in the annual general meeting;

(1B) Each representative elected by the employees shall be entitled

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to cast the number of votes which is arrived at by dividing the number of shares issued by the total number of representatives of employees who are present at the annual general meeting."

The motion was negatived.

Mr. Chairman: The question is:

In page 23, line 9, *after* "shareholders" *insert* "and representatives of the employees".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 42 stand part of the Bill."

The motion was adopted.

Clause 42 was added to the Bill.

Clauses 43 to 45 were added to the Bill.

Clause 46.— (*Indemnity of directors and members of Local Boards and Local Committees, etc.*)

Pandit Thakur Das Bhargava: I beg to move:

In page 24—

(i) line 6, *after* "done" *insert* "bona-fide"; and

(ii) line 7, *omit* "or otherwise than for his wilful act or default"

Mr. Chairman: The question is:

In page 24—

(i) line 6, *after* "done" *insert* "bona-fide"; and

(ii) line 7, *omit* "or otherwise than for his wilful act or default"

The motion was negatived.

Mr. Chairman: The question is:

"That clause 46 stand part of the Bill."

The motion was adopted.

Clause 46 was added to the Bill.

Clauses 47 and 48 were added to the Bill.

Clause 49.— (*Power of Central Government to make rules*)

Shri A. C. Guha: I beg to move:

In page 24, lines 35 and 36, *for* "in cases where shares in the Imperial Bank have been held by more than one person" *substitute*:

"In all cases, including cases where shares in the Imperial Bank have been held by more than one person, or where they have been transferred before the appointed day but the transfer has not been registered."

Mr. Chairman: The question is.....

Shri H. N. Mukerjee: We have to have some explanation from Government regarding these amendments. I know we are all in a hurry and want to get away from here as soon as ever we can. But it is very necessary that they should explain these amendments. They do not choose to reply to points made in debate. Now they do not wish to explain their amendment.

Mr. Chairman: It is in the province of the hon. Minister to make a speech or not. I cannot force any Member to make a speech. He has moved it. Unless he stands up, I will not call upon him to speak.

Shri H. N. Mukerjee: I would just like to ask for a direction from you. A little while ago an amendment was discussed and certain points were made, rightly or wrongly—, possibly in the eyes of Government they were 'completely perverse'. But Government does not choose to reply. If they want, in the name of expedition of the passage of the Bill, to ignore whatever is said in debate, they may plainly tell us so.

Shri A. M. Thomas: The point was raised on a previous occasion and it was answered.

Mr. Chairman: Usually the practice is that if any Member wants a reply, he can request the hon. Minister to make a reply. If the hon. Members make a request, I do not think the hon. Minister will not reply. At the same time, he may not choose to reply; it is his own sweet will.

Shri C. D. Deshmukh: Just a word by way of personal explanation, if I may say so. I had already made a speech on the major amendment of the representation of employees and I had stated my views there. I was prepared to consider this question when the proper time came and when it was brought up for discussion. You could not, I said, introduce an amendment of that kind, as it was, in a Bill like this. Therefore, there was no further reply needed.

Shri V. P. Nayar: You did not answer that. There was no proposal of the Labour Minister at that time.

Mr. Chairman: The question is:

In page 24, lines 35 and 36, *for* "in cases where shares in the Imperial Bank have been held by more than one person" *substitute*:

"in all cases, including cases where shares in the Imperial Bank have been held by more than one person, or where they have been transferred before the appointed day but the transfer has not been registered."

The motion was adopted.

Mr. Chairman: The question is:

"That clause 49, as amended, stand part of the Bill."

The motion was adopted.

Clause 49 as amended was added to the Bill.

Clause 50.—(*Power of Central Board to make regulations*).

Shri A. C. Guha: I beg to move:

(i) In page 25, *for* lines 17 to 22, *substitute*:

"(d) the number of elected or nominated members of Local Boards and Local Committees, the terms of office of the members, the manner of their election or nomination, the formation and constitution of committees of Local Boards, the powers, functions and duties of Local Boards, Local Committees and committees of Local Boards, the holding of meetings of Local Boards, Local Committees and Committees of Local Boards and the conduct of business thereat;"

(ii) In page 26, line 27, *for* "by this Act to be prescribed" *substitute* "for the purposes of this Act"

(iii) In page 26, *after* line 27, *insert*:

"(ss) the payment of dividends, including interim dividends;"

Shri S. V. Ramaswamy: I have sent in my amendment also.

Mr. Chairman: I am afraid he has brought it up and sent it only just now. It has been received only today. He cannot move it.

Shri S. S. More: Will you please request the hon. Minister in charge to explain the purpose of his amendments? We are ignorant.

Shrimati Renu Chakravartty (Basirhat): This is a fantastic position.

Shri C. D. Deshmukh: These are very simple amendments which are more or less self-explanatory. The first one provides for the formation of committees by the Local Boards. The formation and the constitution of the committees of Local Boards and their powers will be provided for in the regulation and to enable the making of such regulations the amendment to clause 50(d) is necessary.

The second one is a purely formal amendment. We think it is a drafting improvement.

The last amendment obviously provides for interim dividends in addition to annual dividends.

Pandit K. C. Sharma: They are self-explanatory.

Mr. Chairman: The question is:

In page 25, *for* lines 17 to 22, *substitute*:

"(d) the number of elected or nominated members of Local

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Boards and Local Committees, the terms of office of the members, the manner of their election or nomination, the formation and constitution of committees of Local Boards, the powers, functions and duties of Local Boards, Local Committees and committees of Local Boards, the holding of meetings of Local Boards, Local Committees and committees of Local Boards and the conduct of business thereat;"

The motion was adopted.

Mr. Chairman: The question is:

In page 26, line 27, *for* "by this Act to be prescribed" *substitute* "for the purposes of this Act"

The motion was adopted.

Mr. Chairman: The question is:

In page 26, *after* line 27, *insert*:

"(ss) the payment of dividends, including interim dividends;'

The motion was adopted.

Mr. Chairman: The question is·

"That clause 50, as amended, stand part of the Bill."

The motion was adopted.

Clause 50, as amended, was added to the Bill.

Clause 51.—(*Dissolution of the Imperial Bank and repeal of Act XLVII of* 1920)

Shri A. C. Guha: I beg to move:

(i) In page 26, line 35, *for* "As from the appointed day" *substitute* "On the appointed day"

(ii) In page 27, line 1 *for* "As from the appointed day" *substitute* "On the appointed day"

(iii) In page 27, line 7, *for* "as from the" *substitute* "on and from the"

These are more or less amendments relating to drafting.

Mr. Chairman: I shall put these amendments to the vote of the House.

The question is:

In page 26, line 35, *for* "As from the appointed day" *substitute* "On the appointed day"

The motion was adopted.

Mr. Chairman: The question is:

In page 27, line 1, *for* "As from the appointed day" *substitute* "On the appointed day"

The motion was adopted.

Mr. Chairman: The question is:

In page 27, line 7, *for* "as from the" *substitute* "on and from the"

The motion was adopted.

Mr. Chairman: The question is:

"That clause 51, as amended, stand part of the Bill."

The motion was adopted.

Clause 51, as amended, was added to the Bill.

Clause 52.—(*Amendment of Act II of* 1934)

Shri A. C. Guha: I beg to move:

In page 27, line 9, *omit* "As from the appointed day".

This is also a drafting change only.

Mr. Chairman: The question is:

In page 27, line 9, *omit* "As from the appointed day".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 52, as amended, stand part of the Bill."

The motion was adopted.

Clause 52, as amended, was added to the Bill.

Clause 53.—(*Amendment of Act X of 1949*)

Shri A. C. Guha: I beg to move:

In page 27, line 12, *omit* "As from the appointed day".

This is also a simple drafting amendment.

Mr. Chairman The question is:

In page 27, line 12, *omit* "As from the appointed day".

The motion was adopted.

Mr. Chairman The question is:

"That clause 53, as amended, stand part of the Bill."

The motion was adopted.

Clause 53, as amended, was added to the Bill.

The First Schedule

Shri Sadhan Gupta: I beg to move:

(i) In page 29, line 27, *for* "fifty-five per cent." *substitute* "eighty per cent."

(ii) In page 29, *omit* lines 32 to 34.

The First Schedule is a very important element in the Bill, because, first of all, it provides for payment of compensation to the shareholders of the existing Imperial Bank and secondly, it lays down the rules regarding the restriction of the dividend to be paid to the Reserve Bank. Besides, there are two other matters which are of fairly great importance.

First of all, regarding the compensation, we have made our view known and we again make it known that we are not for granting any compensation in excess of the face value of shares normally. It may be that in one or two extreme cases some departure may be made, but the normal rule when we are nationalising this kind of institution, I think, should be that shares should not be acquired at more than their face value. Therefore, what we wish to press for is that instead of the exorbitant compensation provided, we desire that the shares may be acquired at no more than their face value.

The other thing I wish to point out in this connection is the provision in paragraph 3 of the Schedule for the payment of dividends to the shareholders of the Imperial Bank even after their shares have been acquired in respect of the half-year period ending before the appointed day and in respect of all dividends remaining unpaid till then. Now, the shareholders have had by now quite a long notice to the effect that their shares would be acquired, and I do not think there is any justification to go on paying dividends even after the shares are acquired in respect of the period for which they held their shares, namely, between the 19th December, 1954 and the appointed date. Therefore, I am opposed to paragraph 3, and I have moved an amendment for its deletion.

The next point that I wish to make is that there should be no restriction on the dividends payable to the Reserve Bank in respect of its shares. That is the only portion of the funds which will go to the development of the country, and therefore, the Reserve Bank's shares should be completely safeguarded. On the other hand, it seems to me that the tendency is to safeguard the share of the private sector and I think the Reserve Bank's share has been restricted in order to guarantee that the private sector should have a fair share of the dividend. We oppose it completely and that is the reason why I have moved amendment No. 178.

Mr. Chairman: The other amendments to the First Schedule may also now be moved.

Shri V. P. Nayar: I beg to move:

(i) In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount equal to the face value of the share"

(ii) In page 28, *for* lines 14 and 15, *substitute*:

> "an amount equal to the paid up value of share in the case of a partly paid-up share"

Shri S. S. More: I beg to move:

(i) In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount twice the face value of the share"

(ii) In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount calculated at the rate of one thousand two hundred and thirty-five rupees and fifteen annas per share"

Shri R. D. Misra: I beg to move:

In page 28, *for* lines 12 to 15, *substitute*:

> "at the rate of one thousand five hundred and eight rupees per share in the case of a fully paid-up share, and three hundred and ninety rupees per share in the case of a partly paid-up share, which were the closing rates of these shares on April 15, 1955 in Bombay."

Shri S. L. Saksena: I beg to move:

In page 28, *for* lines 12 to 15, *substitute* "at the rate at which the shares were purchased"

Shri S. S. More: I beg to move:

(i) In page 28, *for* lines 14 and 15 *substitute*:

> "an amount twice the paid-up value of share in the case of a partly paid-up share"

(ii) In page 28, *for* lines 14 and 15 *substitute*:

> "three hundred and two rupees, three annas and eleven pies per share in the case of a partly paid-up share"

Shri Sadhan Gupta: I beg to move:

In page 28, *omit* lines 16 to 27.

Shri A. C. Guha: I beg to move:

In pages 28 and 29, *for* lines 37 and 38 and lines 1 to 5 respectively *substitute*:

> "(2) Notwithstanding anything contained in sub-paragraph (1), any person who is registered as the holder of a share in the Imperial Bank on the 19th day of December, 1954, and continues to be so until the appointed day shall, if he applies in writing in this behalf to the Reserve Bank before the expiry of three months from the appointed day, be entitled to be paid, by cheque drawn on the Reserve Bank, any compensation payable to him up to the first ten thousand rupees."

Shri Mohanlal Saksena: I beg to move:

In page 28, line 8, *omit* "full".

Mr. Chairman: The above amendments are now before the House.

Shri V. P. Nayar: There are two amendments standing in my name: Nos. 66 and 69.

Mr. Chairman: 66 is already there.

Shri S. S. More: Sir, I wish to move amendment No. 299 also.

Shri Mohanlal Saksena: I have two amendments Nos. 65 and 256.

Mr. Chairman: 65 has just been moved. No. 256 is the same as 178 which has already been moved. It need not be moved now.

Shri V. P. Nayar: I beg to move:

In page 28, *after* line 27, *insert*:

> "Notwithstanding the provisions contained in (a) above, every shareholder holding shares for an aggregate value of ten thousand rupees or more for a period of over 3 years from the date of commencement of this Act, shall be paid compensation, deducting from the aggregate face value of shares held, a sum equal to 25% of the dividend actually earned on such shares."

Shri S. S. More: I beg to move:

In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount equal to the face value of the share".

Mr. Chairman: These two amendments are also before the House.

Shri S. S. More: Sir, we view this question of payment of compensation to the shareholders as a question of very great importance and as a question which will decide the steps that we want to take to achieve the socialistic pattern of society, and the effect we are going to give to the amendment to the Constitution which we have recently made.

Sir, for a paid-up share of Rs. 500, Government are contemplating to pay something like Rs. 1,760 odd. Now, the explanation which has been given by the supports of the Government measure is that the prices of shares have appreciated. They have taken the average opening quotation for a period of one year and come to this figure. My contention is that all the appreciation in the share value of the Imperial Bank was due to the fact that Government was all along giving its own patronage—which was a sort of monopoly—to this Bank. They found that Government was standing behind them. All the business of the Government was diverted to this Bank exclusively and due to that the prices appreciated. I want to say that Government's giving a monopoly to this Bank ought to be concretised and capitalised and the people must receive something back in the nature of a return.

Take the instance of a shop. When the assets of the shop are to be valued for the purpose of transfer, the goodwill of the shop is also valued and that is also taken into reckoning. I will give the House certain figures, in order to point out the difference in the appreciation of share values when there is Government support and when there is no Government support. I have secured from Government quarters certain figures showing the appreciation in averages. The value of an Imperial Bank of India share of Rs. 500 was as follows from 1948 to 1954:

	Rs.	As.
1948	2,011	11
1949	1,785	7
1950	1,876	14
1951	1,896	7
1952	1,737	13
1953	1,832	11
1954	1,765	10

So, the appreciation was more than three times during all this period continuously.

Now the face value of a share of the Bank of Baroda is Rs. 100 and the appreciation from 1948 is as under:

	Rs.	As.
1948	159	13
1949	127	9
1950	125	2
1951	130	4
1952	117	3
1953	111	13
1954 ...	108	9

The appreciation was not more than 50 per cent. Now let us take the United Commercial Bank shares: I will not quote the share value of other Banks. The quotations of the shares of the United Commercial Bank was as follows: (The face value of these shares was Rs. 50).

	Rs.	As
1948	64	15
1949	50	14
1950	46	10
1951	43	0
1952	36	2
1953	35	12
1954	43	14

Let us compare the appreciation or depreciation of the share values of these three Banks. I will not take much time of the House for developing my argument. I would enunciate

[Shri S. S. More]

my conclusion that all the appreciation as far as Imperial Bank was concerned was exclusively due to Government support. Now, what are we getting by way of return for the Government support which resulted in this appreciation? To be generous to the shareholders on the basis of the present market value, is not correct. If the market value was there irrespective of any Government support I could very well understand and we may say, give them on the basis of the market value. But here the appreciation was not exclusively on account of market conditions. The appreciation was not due to conditions other than Government support. So, when Government support has contributed to give a fillip to the appreciation of the share values of the Bank, Government must take account of that and fix the market value after taking that factor into consideration. Government have not done it. Therefore, I have done it and I have submitted this amendment No. 301. I am very modest in my calculations. I feel that whatever Government support has been given to this Bank which has resulted in the appreciation of its share values can be capitalised at 30 per cent and if we reduce this 30 per cent value for the Government support, then the value would come, as I have said to about Rs. 1,235-15 per share. I say this is very reasonable. Government have got some obligation; Government are responsible for giving stability and security to the Bank, so that they can attract shareholders. The shareholders have received fat dividends. The Imperial Bank has given something like 16 per cent dividend free of income-tax. I have tried to analyse the dividends paid by some Scheduled Banks. Of the scheduled banks 27 banks could not give any dividend for 1951-52 and 1952-53; 20 banks have given dividends from Re. 1 to Rs. 5; 16 banks have paid dividends varying from Rs. 6 to 10; six banks have paid dividends varying from Rs. 11 to Rs. 15 and four banks only—out of which the Imperial Bank is one—have paid dividends of something like Rs. 15 to 20. The other three banks are the Bank of Mysore, the Bank of Allahabad and the Karur Vyasa Bank, a minor bank whose operations are confined to a narrow ambit. So, the Imperial Bank has persistently and consistently given very high dividends. All this is due to Government patronage. Government must take that into account and capitalise it at 30 per cent. and reduce the market value arrived at by Government at 30 per cent. That will be very equitable, without being at the same time very ungenerous to the shareholders. Let the shareholder get his due, but let him not get what we have done for his share, and what the country has done for appreciating the value of his shares. That is my submission.

Shri S. L. Saksena: My amendment reads:

In page 28, *for* lines 12 to 15, *substitute* "at the rate at which the shares were purchased".

I have moved this amendment on three main considerations. The first is this. We are giving compensation to these shareholders now. We have already seen how these shares have now a value which is about four times the original value at which they were purchased. I would like to point out that most of these shares are still with those people who originally purchased them; very few of them have sold them after they purchased them; and to most shareholders never paid any higher amount for them at any time. In fact, all along, they have been getting dividends higher than those in the other banks. I do not say that Government should expropriate them on that account, but my point is that you should pay them only what they have actually paid for their shares.

Supposing a person who holds a share now has purchased it at a higher price from the original purchaser or the holder of the share, then I say that the present shareholder may be paid at the higher rates; I have no objection to that. But I say, do not pay them at the present market value, for that will be an absolutely wrong thing.

out, these shares have been quoted very high all these years, on account of various reasons.

One of those reasons is that these shares had Government backing behind them, and Government were showing the Imperial Bank special concessions in regard to Government banking business. Moreover, many of the shareholders whose shares we will purchase at the high price of over Rs. 1700 per share will be allotted these same shares and again the prices of these shares will go up in the same manner. Thus, we have reached a stage now when the price of one share is about four times what it originally was. The result is that by selling his shares in the Imperial Bank now a person is able to get four shares in the State Bank of four times the value. That is really something extraordinary. I think that is a very odd concession that we are giving. I therefore suggest that we must see that this compensation is reduced.

I have learnt from the papers that the main reason for not reducing the compensation is that Government have already given some assurance to the shareholders that they will pay them at the rates at which compensation was paid when the Reserve Bank was nationalised. I think this sort of assurance to the shareholders or to anybody else for the matter of that, even before the House has had the opportunity to discuss the matter, is very unfair. To decide such things without coming to Parliament is an insult to Parliament. You are trespassing on the rights and the sovereign authority of Parliament, if you anticipate that we shall approve your assurance. If you make a settlement with them even before coming to Parliament, it is not fair to Parliament; it does not redound to the credit of the Government or the House. I say therefore that this is a bad compensation and a bad concession that Government are giving. I hope it will not become a precedent for future.

Fourthly, I submit that it is most unfair that you take away even the small rights of labour, which were there formerly. You have not given them even the right that they had to get compensation by reason of transfer of service. They are entitled under the Industrial Disputes Act to compensation on transfer of service. But now they cannot get it, because you have provided here that they cannot go to court; therefore, they cannot get any compensation. This is the treatment that you have meted out to labour. But at the same time, you are providing the shareholders with all that they want. It is very unfair to do so.

If this is the type of Bill to be brought forward by a Government which has pledged itself to the socialistic pattern of society, then I am afraid it is an insult to our intelligence and it is an insult to the ideal which we all cherish dear in our hearts. If you sincerely want that this Bill should be in the interests of the people, if you sincerely want that you should abide by the Constitution (Fourth Amendment) Bill wherein you have provided that you can acquire property by paying less than the full value, then I say that you must reduce the compenastion provided here. Otherwise, it will just be a mockery of the Constitution. On the one side you pass the compensation clause in the Constitution (Fourth Amendment) Bill and you take powers to yourself not to give full compensation to anybody if you think that that is in the interests of the country; but on the other side what are you doing here? You are giving here not even full compensation, but four times the compensation. That is most unfair. When you acquired landed properties worth crores of rupees, what was the compensation that you paid in those cases?

Pandit K. C. Sharma: Land is different from shares.

Shri S. L. Saksena: Why is it different?

Mr. Chairman: The hon. Member need not reply to these interruptions. This question has been raised so many times in this House. I would request the hon. Member to proceed with his speech.

Shri S. L. Saksena: This is most unfair. If this is the way in which Government will proceed in the matter then I am afraid that it will be very difficult to acquire any property for the State in the future. I again appeal to you, do not pay them at the Reserve Bank rates, but pay them at the rate at which they purchased the shares.

There is just one more submission which I would like to make in this connection. You have provided here that the Reserve Bank can transfer its shares to anybody else, provided it has a certain minimum holding. I would appeal to you not to allow the Reserve Bank to sell or transfer the shares that it gets, but to try to nationalise the State Bank more and more. In China, for instance, I have seen how they are trying to nationalise property. First they are making all capitalist enterprizes the joint property of Government and the capitalists first, and ultimately the property becomes that of Government itself. But here I find that you are trying to nationalise it, by paying about Rs. 20 crores to the Imperial Bank, shareholders and after establishing a national State Bank, you want to sell 45 per cent of its shares to private hands. I say that you should not do that at all. On the other hand, I say that you should try to nationalise it completely. If in future the Reserve Bank acquires more shares, for God's sake do not sell them, but acquire some more, and ultimately make it national.

Shri V. P. Nayar: I have three amendments in my name, namely amendments Nos. 66, 68 and 69. I do not want to argue my case at length, but I would ask the Finance Minister what the special reason is for giving the rate which is said to be the rate prevailing in the market or anything like that. I want to ask him whether he is not aware that the share value of the Imperial Bank rose because the Imperial Bank for a long time was used as an apparatus of British loot in this country and as an apparatus for helping the British Government. Is it because the shareholders had any peculiar advantage by investing their money in the Imperial Bank that the shares rose up in value? Is it not because Government entrusted to the Imperial Bank the monopoly of Government banking business that the share value of the Imperial Bank went up? Are we at this stage when we want to take over the control of the bank for purposes of improving the rural economy of our country justified in giving them an inflated value which is not at all due to any of the efforts of the shareholders? These questions have not been answered by the hon. Finance Minister so far, and I want him to give me a specific answer for these questions.

My amendments suggest that instead of the value suggested in the First Schedule, an amount equal to the face value of the shares alone need be paid in the case of fully paid-up shares, and an amount equal to the paid-up value of the share in the case of partly paid-up shares. I know the stock argument of Government is that they have taken the average value of the shares over a given period. But that argument does not take us anywhere. I would suggest even at this late stage that hon. Members should seriously consider this question. We are going to repay for the shares now at a very much inflated price, when the inflation was not due to any peculiar merits of the shareholders, but it was primarily due to the fact that the British Government used it as an apparatus of exploitation, and they were helping the Imperial Bank with all kinds of partronages. If Government can say that it is for this specific purpose of having looted the Indian people and then raised the value of the shares apart from the manipulations of the share speculators that they are going to pay this inflated amount, then they can go on certainly.

Now, I come to amendment No. 69. I feel that a person who has held a share in the Imperial Bank for a period of three years is not entitled at all to receive even the face value. As has already been pointed out by Shri S. S. More, the Imperial Bank has made the maximum profit, as compared with any other Indian bank. I find that in 1954, the net profits of the bank came to about Rs. 136.91 lakhs. So, all those people who have been holding shares in this Bank for a period of three years have received back a substantial portion of their investment in the form of profits or dividends. In spite of that, how is it that when Government want to control the banking activities of the Bank, that these persons are entitled to the entire payment? I want the hon. Finance Minister to answer these points.

Shri Bansal (Jhajjar-Rewari *rose—*

Mr. Chairman: Has the hon. Member got any amendment in his name?

Shri Bansal: No.

Mr. Chairman: I want to call only those hon. Members first, who have moved amendments.

Shri Mohanlal Saksena: I have given notice of amendment number 65 seeking to omit the word "full" in line 8 on page 28.

I do not want to advance any argument. I may remind the House once again that it is not only because of the recommendations of this Rural Credit Survey Committee, but before that on 4th February 1948, it was announced on the floor of the House by the then Finance Minister that the policy of the Government was to nationalise the Imperial Bank of India and also that the shareholders would be paid an equivalent value in 3 per cent long term stocks and no cash payment. But in spite of that, I find that the scheme has been changed. Notwithstanding the assurance given, we are not only giving long term stocks but we are giving them cash up to Rs. 10,000 and also priority in the allotment of shares. I do not think this is desirable. But since the Government has committed itself I do not want that it should go back on its commitment. But I do want at least an assurance, a statement from the Finance Minister that this procedure of compensation will not be used as a precedent for future acquisition of control in other industrial and banking concerns because our policy has changed now. It is not nationalisation as a whole. We want to have only 55 per cent of shares. Even then I would like to be assured that this method of giving compensation will not be followed in future because I feel that we should not go beyond the assurance already given. We are paying something more than the average value of the shares in the preceding years. Not only that, we are giving up to the first Rs. 10,000 option to take in cash and also priority in the allotment of shares also. When it was stated by the then Finance Minister that the compensation will be paid only in 3 per cent long-term stocks, why should we give them priority in the matter of allotment of shares in the new concern or what you call 'nationalised concern'? So, as regards the deletion of the word 'full' I would like to ask the Finance Minister to realise that if we retain this word, there are chances of this Act being taken to the courts to get a verdict whether whatever compensation was being given was full compensation or not. I do not think there is any advantage in having the word 'full' and I hope he will accept my amendment to delete it.

Then there is one more difficulty. I am not moving my amendment in this connection We have limited the dividend in respect of shares held by the Reserve Bank. There is no such limitation in regard to dividend payable to other shareholders. If you refer to clause 36 you will find that we have provided for the constitution of an Integration and Development Fund. By one of the clauses it is made obligatory that all the dividend that is realised by the Reserve Bank on these shares will go to that Fund. So, on the one hand, we find that so far as other shareholders are concerned, they are not required to contribute anything towards that Fund, and on the other hand it has been made obligatory that whatever the Reserve Bank get by way of dividend will go to that Fund. Of course, there is also a provision that the Government as well as the Reserve Bank can make more

[Shri Mohanlal Saksena.]

contribution. But, if that is there, I do not know why this provision that whatever the Reserve Bank gets by way of dividend should go compulsorily to that Fund. Therefore, I feel that on the one hand there is a limitation on the dividend that is given on the shares issued to the Reserve Bank and on the other hand there is also another condition that all its dividend will be credited to that Fund. It comes to this. If there are any losses on account of the opening of these branches it will be met out of this very Fund to be constituted out of the proceeds of the dividend that is paid from the shares and also whatever money may be paid by the Government and the Reserve Bank. But, so far as other shareholders are concerned, they have no responsibility for making any contribution.

So, I want to know from the hon. Finance Minister why this limitation is there. I can understand it if there were some limitation on the dividend that is to be paid to other shareholders. I am told that because other shares might be issued not at par but on premium, therefore in regard to them you might just put a higher limit on the issue of dividend. But, if you want to have some limit, there must be limit on the dividend paid to the Reserve Bank as well as to other shareholders.

These are two points. Finally, again I would like a statement to be made here that this procedure of paying compensation will not be used in future. The compensation that is being paid is admittedly higher than what was stipulated originally in the statement that was made on the floor of the House. But whatever reasons might have led the Government to make this payment, I do not want that this should come in the way of our acquiring or nationalising other industrial and banking concerns in the future.

श्री आर० डी० मिश्र : अध्यक्ष महोदय, जो मैं ने अपना अमेंडमेंट पेश किया है उसका मंशा यह है कि जिस दिन यह बिल पार्लियामेंट में पेश किया गया था उस दिन बाजार का भाव जो रहा हो उस बाजार के भाव पर यह कम्पेन्सेशन दिया जाय। मेरी समझ में यह बात नहीं आयी कि इस बारे में मुआवजा किस तरीके से दिया जा रहा है। आज भी शेयर का भाव १६५० रुपया है १७६५ रुपया १० आना नहीं है। मैं कोई फाइनेन्शियर नहीं हूं पर मैं यह समझना चाहता हूं कि यह मुआवजा देने की स्कीम किस तरीके से बनाई गई है। मैंने चाहा कि मैं इम्पीरियल बैंक के शेयर्स की नार्मल वेल्यू निकाल कर देखूं। मैं यह जानना चाहता था कि जिस दिन से यानी सन् २१ से जब से यह इम्पीरियल बैंक बना है उस वक्त से इसके शेयर का क्या बाजार भाव रहा, कितना रुपया रिजर्व फंड में रखा गया और कितना डिवीडेंड दिया गया। लेकिन पार्लियामेंट की लाइब्रेरी में सन् २२ से सन् ३४ तक के किसी हिसाब का पता नहीं चला। हां सन् ३४ से, जो इनवेस्टमेंट इअर-बुक है उससे, कुछ पता चलता है। उससे मैं ने कुछ एदाद इकट्ठे किये हैं। उनसे पता लगता है कि सन् ३४ से सन् ४४ तक ६७,०५,००० रुपया सालाना डिवीडेंड में दिया गया, यानी मुनाफे का १२ पर सेंट डिवीडेंड में दिया गया। उस वक्त रिजर्व फंड में भी सालाना १२,५०,००० रुपया के करीब डाला जाता था। सन् ४४ के बाद पांच बरस तक सालाना ७८,७५,००० डिवीडेंड बांटा गया। शरह डिवीडेंड १२ पर सेंट से १४ पर सेंट कर दी गयी। मैं ने सोचा कि यह डिवीडेंड की शरह १२ पर सेंट से १४ पर सेंट क्यों कर दी गयी तो पता चला कि सन् ४५ में बैंक आफ इंगलेंड नेशनलाइज किया गया और वहां पर यह तय किया गया था कि पिछले २० बरस में जो डिवीडेंड बांटा गया है उसी शरह से मुआवजा दिया जायगा। यहां पर इम्पीरियल बैंक के डाइरेक्टरों ने भी यह सोचा कि शायद इम्पीरियल बैंक भी नेशनलाईज हो जायगा। इसलिए उसके डिवीडेंड की परसेंटेज बढ़ा दी। यानी उन्होंने १२ पर सेंट से शरह १४ पर सेंट कर दी और रिजर्व फंड में कम रुपया डालना शुरू कर दिया। सन् ४६ के बाद उन्होंने सन् ५४ तक ६० लाख रुपया डिवीडेंड में बांटा, यानी

१६ पर सैंट मुनाफा दिया । सन् ५० और ५१ में उन्होंने सिर्फ ५ लाख ही रिजर्व फंड में डाला । सन् ५२, ५३ और ५४ में एक पाई रिजर्व फंड में नहीं डाली । जब से आजाद हिन्दुस्तान की नई पार्लियामेंट बनी है यानी सन् १९५२ से, इम्पीरियल बैंक के डाइरेक्टरों ने रिजर्व फंड में कोई पैसा नहीं डाला है । और ९० लाख रुपया सालाना मुनाफा बांटा है । जब हिन्दुस्तान १५ अगस्त सन् ४७ को आजाद हुआ तब उन्होंने मुनाफा तो बढ़ा लिया पर रिजर्व फंड में केवल कई लाख रुपया डाला । यह रवैया इम्पीरियल बैंक के डाइरेक्टरों का हमारे आजादी के मूवमेंट के साथ रहा । जब से हमारी पार्लियामेंट बनी है उन्होंने रिजर्व फंड में पैसा डालना बन्द कर दिया । प्राफिट बहुत ज्यादा लिया है । मैं ने जोड़ कर देखा है कि ये सन् ३४ से आजतक १५,८६,२५,००० रुपया का मुनाफा ले चुके हैं जब कि इनका कैपीटल सिर्फ ५,६२,००,००० रुपया है । करीब करीब तिगुना मुनाफा तो ये लोग सन् १९३४ से बांट चुके हैं और सन् १९२२ से सन् १९३३ तक जो मुनाफा बांटा वह अलग रहा । और अब भी हम आगे १७६५ रुपये के हिसाब से मुआवजा देना चाहते हैं । यह बात मेरी समझ में नहीं आयी । मैं ने सुना कि हमारे फाइनेन्स मिनिस्टर साहब ने जो यह ऐलान २० दिसंबर सन् ५४ को कर दिया है वह पिछले फाइनेन्स मिनिस्टर ने सन् ४८ में वायदा किया था उसी के मुताबिक था और उसी असूल के मुताबिक अब मुआवजा दिया जायगा। मैं उसको मानता हूं । लेकिन उस वक्त यानी सन् १९४८ में पोजीशन यह थी कि पार्लियामेंट ने सोशलिस्टिक पैटर्न आफ सोसाइटी को मंजूर नहीं किया था । अभी पिछले दिसम्बर पार्लियामेंट ने इसको माना है । सन् ५५ में आवड़ी कांग्रेस में इस सोशलिस्टिक पैटर्न आफ सोसाइटी को माना गया है । तो मेरा कहना यह है कि सन् १९४८ के बाद दुनिया के और हिन्दुस्तान के हालात बहुत बदल गये हैं । ऐसी सूरत में मैं यह उम्मीद करता था कि हमारे फाइनेंस मिनिस्टर साहब इस मुआवजे की स्कीम को सोशलिस्टिक पैटर्न के ढंग पर लाने की कोशिश करेंगे । सरकार शेअर खरीदेगी इस से भाव बढ़ जायेंगे और डर था कि शायद गवर्नमेंट को रुपया ज्यादा देना पड़ जाय इसलिये पिछले साल का औसत भाव लिया गया लेकिन पता यह लगा कि बावजूद इस यकीन दिलाने के कि १७६५ रुपये १० आने सालाना इसका मुआविजा दिया जायगा, १५ अप्रैल ५५ को बाजार बन्द होने पर और १६ अप्रैल को खुलने पर १५८० रुपया भाव था वह १६८० तक गया और बाजार का भाव आज भी घटा हुआ है, लेकिन जब बिल इस पार्लियामेंट में पेश होने लगा और मेम्बरान ने एतराज किया कि मुनाफा बहुत ज्यादा है, तो स्पेकुलेटर्स के दिमाग में यह बात आई कि पार्लियामेंट शायद मुआवजे की दर घटा दे तब बढ़े हुए १६८० रुपये की जगह आज के अखबारों में बम्बई के भाव १६५० रुपये रह गये हैं, तो मेरी समझ में इतना ज्यादा मुनाफा देने की बात नहीं आती ।

7 P.M.

अभी हम लोगों ने कांस्टीट्यूशन अमेंडमेंट बिल पास किया है, उसके दौरान में हमारे प्राइम मिनिस्टर साहब ने यह यकीन दिलाया था कि जिस किसी की जायदाद ली जायगी, उसको पूरा मुआविजा दिया जायगा मैं भी यह मानता हूं जरूर देना चाहिए और उसके लिए हम कमिटेड हैं । किसी की जमीन, किसी की जायदाद या किसी का माल हम मुफ्त में छीन लेना नहीं चाहते और हमने यह भी तय कर लिया कि पार्लियामेंट को यह अख्तियार रहना चाहिए कि कितना मुआविजा दिया जाय । जहां तक समाज के सुधारने का सवाल है, हमने पूरे तौर पर उसको सपोर्ट किया, अदालतों को यह अखित्यार नहीं होना चाहिए कि मुआविजा कम दिया गया या ज्यादा दिया गया, इसका निर्णय पार्लियामेंट को ही करना चाहिये । लेकिन यहां कम मुआविजे का सवाल नहीं है, यहां तो मुआविजा ज्यादा देने का सवाल है और पार्लियामेंट को और हम लोगों को पार्लियामेंट में बैठ कर यह सोचना है और समझना है कि यह मुआविजा कहीं हम ज्यादा तो नहीं दे रहे हैं । यह ज्यादा देने की जब बात आती है तो समझ में

[श्री आर० डी० मिश्र]

नहीं आता कि क्या किया जाय । जब हम इस बात को कह चुके और उसके लिये कमिटेड हैं कि मुनासिब मुआवजा दिया जाय तब हमको मुआवजा उस दिन के बाजार भाव पर देना चाहिये जिस दिन यह बिल पार्लियामेंट में पेश हुआ परन्तु मिनिस्टर साहब का कहना है कि जिस स्कीम का वह एेलान कर चुके हैं उसके अनुसार मुआवजा दिया जाय । कांग्रेस पार्टी ने यह बात मान ली है अब हमें इस मौके पर कुछ बोलना नहीं है और मेरा भी कर्तव्य है कि पार्टी में रहने के कारण उसका अनुशासन मानूं और फाइनेंस मिनिस्टर साहब जो मुआविजा देना चाहते हैं उसको सपोर्ट करूं और उसके पक्ष में वोट करूं, क्योंकि पार्टी में रहते हुए और डेमोक्रेसी में बिलीव करते हुए पार्टी के अनुशासन में चलना चाहिए और पार्टी की बात न मानना और अकेली अपनी राय पर अड़े रहना गलत बात है । जब हमारी पार्टी का यह निश्चय है कि इतना मुआविजा दिया जाय तो जरूर दिया जाय और मैं भी अपनी आवाज को उसी के साथ जोड़ूंगा और उसकी सपोर्ट करूंगा.....

Mr. Chairman: May I request the hon. Member kindly to speak on the Bill, and not speak on party discipline, etc.?

श्री आर० डी० मिश्र : मैं तो अपनी पर्सनल बात कह रहा था....

Mr. Chairman: There is no question of individual party discipline, etc. He should speak on the Bill. I think he has finished.

श्री आर० डी० मिश्र : मैं इस पर ज्यादा नहीं कहना चाहता हूं । मेरे कहने का मतलब सिर्फ यह था कि मेरी समझ में मुआविजा देने का वह उसूल नहीं आया और ज्यादा मुआविजा दे करके हम किस तरीके से सोशलिस्टिक पैटर्न आफ सोसाइटी इस देश में ला सकेंगे ? इसलिए जैसा मेरे भाई सक्सेना साहब ने कहा कि आयन्दा के लिए सरकार को कम से कम यह इतमीनान दिला देना चाहिए कि जो उसूल इस मर्तबा मुआविजा देने में रक्खा गया है, उस उसूल को आयन्दा इस तरीके की जायदादों को मुआविजा देने के सम्बन्ध में नहीं रक्खा जायगा । जहां तक लक्ष्य का सवाल है कि कहां पहुंचना है, इसमें कोई इख्तलाफ नहीं हो सकता लेकिन जो उस तक पहुंचने के रास्ते होते हैं, मीन्स् होते हैं, उनमें इख्तलाफ होता है और उनके सम्बन्ध में कुछ रायों में भिन्नता होती है और उसके विषय में मैं अपने फाइनेंस मिनिस्टर साहब की सेवा में अंग्रेजी में एक छोटा सा पद्य है निवेदन करता हूं :

> "Show us not the aim without the way,
>
> For ends and means on earth are so entangled
>
> That changing one, you change the other too;
>
> Each different path brings other ends too."

इन शब्दों के साथ मैं यह अर्ज करना चाहता था कि मैं अपने अमेंडमेंट पर जोर नहीं देना चाहता हूं, लेकिन मेरे दिमाग में यह शुबहा है और जो भाव मैं नहीं समझा हूं उसको मेहरबानी करके वे मुझे समझा देंगे और रोशनी डालेंगे ताकि मार्केट वैल्यू की बात मालूम हो सके और मेरी समझ में आ सके । इसलिए इन शब्दों के साथ मैं अपने अमेंडमेंट को वापिस लेने की इजाजत चाहता हूं ।

Mr. Chairman: The hon. Member should remember that he has no right to withdraw his amendment by himself. Either he has moved the amendment, or he has not moved it. If he has not moved, the question does not arise. If he has moved it, it depends upon the vote of the House whether he should be allowed to withdraw it. I think that is amendment No. 8.

Then amendment No. 323. I find the Member is not in the House.

The discussion may proceed.

Shri Bansal: I would not like to repeat the arguments which I gave at the

consideration stage on this question of compensation. The main attack on the quantum of compensation that is being given under this Bill has been on the ground of face value. Hon. Members who have spoken before me seem to be under the impression that in some recent past the shares of the Imperial Bank were issued at Rs. 500. That is not a fact. In 1920, when the three Presidency Banks were amalgamated, the share value of a share of Rs. 500 was Rs. 2,230. I am talking of January 1920. The share of the Bank of Bengal was quoting at Rs. 2,230; the share of the Bank of Bombay was quoting at Rs. 2,800, and of the Bank of Madras at Rs. 1,800. The lowest price was in December, 1920, and in December the quotations were Rs. 1,770, Rs. 2,200 and Rs. 1,675. The average of these was Rs. 1,881. That itself was higher than the value that is being paid under this Bill.

So, the elaborate research in which my friend Mr. More has spent so much of his valuable time, I think, has been quite wasted; because he seems to be under the impression that while the shares of the Imperial Bank have appreciated from Rs. 500 to Rs. 1,800 or so, the shares of other Banks did not appreciate to that extent.

Shri S. S. More: May I know whether the Presidency Banks were also State-supported banks?

An Hon. Member: Yes.

Shri S. S. More: Supported by the Imperial Government?

Shri Bansal: Yes, certainly. I would also like to point out that one of them came into being in 1804, the other in 1840, and I am not sure of the date of the third Bank. But all these Banks which were amalgamated in 1920 are at least one hundred years old.

Shri S. S. More: Does he want to state that the Bank in 1804 was established by the Peshwas?

Shri Bansal: I do not know. Mr. More may know more about the Peshwas. But what I was trying to point out was that this argument that we are paying about three times or more of the value of the shares is not at all valid. Because, the shares of the Banks, when they were amalgamated in 1920, were quoting at about Rs. 2,000 even at that time.

I do not want to go into other arguments, as I said I have given them in great length. But one point I must mention here. My friends have stated here that in no case we should pay more than the face value, and the Finance Minister himself announced that in future this policy of paying according to the market value will not be followed. I want to beg the hon. Members of this House to please note that as long as they want the private sector to play its part—the private sector, according to Government's policy, according to the policy of this House, has to play its part in the economic development of the country. If they want the private sector to play its part, whether in an increasing manner or to the same extent as it is doing today, they will have to pay fair compensation. It is quite a different matter if the entire private sector is nationalised today. In that case, the question of paying fair or full compensation may be discussed by the House. But as long as it is decided that the private sector is to continue to play its part, such of the units as are nationalised must be done in such a manner that the confidence of the investors is not shaken. But, if the hon. House decides that in every case of nationalisation only the face value must be paid or something more than the face value must be paid, then, I think, it is fair to the investors that such an announcement of policy must be made here and now. But, as that is not the policy either of Government or of this House, we must continue to pay fair compensation in respect of any nationalisation.

Shri C. D. Deshmukh: Mr. Chairman, Sir, I shall first deal with the relatively small points which were raised by Shri Mohanlal Saksena. He objected to the word 'full' and has suggested that it be removed. When the Bill was framed, of course, sub-

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article (2) of article 31 of the Constitution was not in the form in which we see it today and we had to take care to ensure that not only did we give compensation as defined by the court but that it would be regarded by the court, if the case went there, as fair and reasonable or equitable or full or whatever it is and it was, probably, with that intention that we used the word. Also.....

Shri S. S. More: Is it not a fact that the Supreme Court has declared that compensation is equivalent to the market value so that the word 'full' is not necessary?

Mr. Chairman: He is only explaining why the word was used.

Shri S. S. More: Now, in the light of the Supreme Court decision, I am trying to bring to your notice that this is not necessary.

Mr. Chairman: Compensation by itself must be full; it must be *quid pro quo* according to the rule.

Shri S. S. More: In the Bela Bannerji case and the Sholapur case the Supreme Court has held that compensation means full compensation.

Shri C. D. Deshmukh: If the hon. Member were a little more patient he would not have taken so much trouble. I am prepared to accept this amendment. I am only trying to explain how the word 'full' came to be inserted there.

I was going to add that it also, probably, means something quite different from what we are thinking of, as distinct from adequate or inadequate, fair or equitable and so on and as we often say in receipts, 'in full payment of...'. It is the way in which I think it has been used and I have no objection to its removal because compensation itself has been defined by the Court as the price equivalent of the thing that has been taken and, therefore, there is no danger of any shareholder claiming—even if there is no amendment of the Constitution—that compensation has not been received. Therefore, I accept that amendment, No. 65.

With regard to the other amendment relating to the limitation of the dividend payable to the Reserve Bank on the shares issued to it at par value, the hon. Member, Shri Sadhan Gupta, thought that this was an unreasonable and unfair restriction so far as the Reserve Bank is concerned. Now, I would invite you to consider the situation if there was no such limit. Each share would be entitled to its proportionate share fraction out of the total dividend. And, supposing there are 5 lakhs of shares and another lakh of shares is issued, and the total dividend distributable is, say, Rs. 60 lakhs. Then, it will be Rs. 10 per share. Now, on the old shares, the value paid would include the premium; in other words, they would not be at par value. But, since we are acquiring them at something like—in simple terms—four times the face value, they would be getting Rs. 10 on Rs. 400. Therefore, their effective rate of dividend would be Rs. 1½ whereas the Reserve Bank, having paid only Rs. 100 for the same share will be getting Rs. 10. I do not consider that that would be fair so far as the shareholders are concerned. Whatever may be our views as to the merits of it, I ask you, would any one take the risk of having the shares of the State Bank if there is a danger of our creating additional shares, acquiring them at one-fourth the cost at which other people have acquired them and be entitled to the same dividend in terms, that is to say, Rs. 10 or Rs. 16 per share, whatever it may be. Therefore, it is very necessary that some limit should be placed on it.

Then he asked would there be any limit in regard to the dividend payable to the others. Obviously, that matter is entirely in our hands. Since the Reserve Bank, under the directions of the Central Government would be controlling the destinies of the State Bank, it would be open to us to ensure that, as a whole the shareholders do not receive any excessive or extravagant payment by way of dividend and it is not necessary, therefore, that any limit be placed on the dividends payable to the other shareholders.

In addition to this, it is a general issue. So far we have not placed any limitation on the dividends payable to shareholders of commercial banks. If and when we do so, obviously, this will also come under review and consequently changes can be made. But, so far as things stand today, there is no danger of either the shareholders being treated unfairly or the Reserve Bank being treated unfairly under the scheme that we have in hand.

The third point that he raised was about full nationalisation and so on. Now that we have passed the clauses which gave us 55 per cent and makes it possible for us to offer the rest to the public, I think it is too late to go into the merits of this matter again and to the original suggestion in 1948, in entirely different circumstances, that the whole of the Bank should be nationalised in the sense in which the word is meant by the hon. Member. But, I might mention that the scheme is entirely different from the scheme of 1948. The 1948 scheme stood in the air, so to speak, with no particular object except nationalising the Imperial Bank, whereas, now, we have some purpose. We want to proceed in the direction of extending these branches in the rural areas. Not only that; we wish to acquire other units, some of those named in the Expert Committee's Report and there are others which may come their way by force of circumstances. Therefore, it is going to be quite a different scheme and I think, it is quite unnecessary to tie up your resources in holding all the shares of this Bank when you have complete control over it. I think every dispassionate person would agree that it is necessary for us to economise our capital as much as possible.

I will come to the big issues. There are smaller issues like the face value, how Rs. 500 has come to Rs. 1,500 or Rs. 1,600 or even Rs. 1,800. Any one who is familiar with the movement of shares representing the fortunes of an industrial enterprise would know the answer. It all depends on when a company was started, how much reserve, secret and others, they have accumulated, what is the total worth of the assets and so on. The market vaule of the share represents by and large the value of the assets. There are many exceptions but still the rule holds. Therefore there is no point in concentrating on the original value and trying to calculate how much has been received over the years by way of dividends. One can give similar interesting figures in regard to every industrial enterprise also which has been running for a generation or two generations or three generations and the results will be equally startling. But those are completely irrelevant so far as the purpose we have in view is concerned.

The next question is about market value. Ordinarily, if we were to acquire something without notice, one fine day if we were to issue a notification, I think the best thing would be, apart from the question of future policy, with which I shall deal later, to say that we will take the market value as at the end of the previous business day. Here, it was not decided in that manner. It was embodied in the report of the Expert Committee. It is, as you said, one of the most valuable reports that we have received. It was bound to be known to everybody. We were anxious that the small shareholders should not suffer. It was for that reason that we had to fix a limit, a kind of dead line beyond which we will not take notice of any changes. History has always the advantage of the hind sight. When looking back now, we, of course, know that share values have fallen. They might equally have risen. What has happened is that small people have been frightened out of their wits by the talk that is going on of paying adequate or inadequate compensation. They have made haste to get rid of their holdings. The other small people or the people who had faith in the Government's solemn assurances have bought them up. That accounts for some of these values. I think it is quite right for us, apart from any other consideration, to ignore these values and stick to one particular date.

Shri S. S. More: If some people have

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sold their holdings and some clever persons have purchased, give them the purchase value.

Shri C. D. Deshmukh: I say that they should not be penalised for the faith that they have shown in the Government's solemn assurances.

Then, I come to the major point namely, why was an announcement made? As I told you, this was contained in a body of recommendations made by an expert committee. We had to take immediate action in order that, again, these small people may not suffer on account of speculation. We had two good reasons. On reason was, of course, that an assurance in somewhat similar terms had already been given If you scan the terms of our announcement, you will find that we merely reaffirmed. Some hon. Members may ask, what about the socialistic pattern of economy, what about Avadi? I say, the simple answer is, neither Avadi nor the socialistic pattern of economy was in evidence then. All that we had before us, that was staring us in the face, was the provision of the Constitution which said that compensation should be paid. It is true that we were considering ways in which that particular article of the Constitution should be amended. After giving six months anxious thought to this problem, we came to the conclusion which was embodied in the Bill presented on the same day on which this announcement we made, I think, 20th December, 1954. That left this particular clause on compensation unchanged, which meant that the courts would see if any one appealed to them that we gave what was then regarded as full or fair and equitable compensation. Compensation had been defined in one of these cases, Bella Banerjee's or any other case, as the price equivalent and nothing else. We could not take chances with this Bill. We had to ensure that once we pass this Bill, there was no danger of its being declared *ultra vires* by a court. It is all very well to say now after four months, after the change of the old provision, I think rightly, barring justiciability of the forms of compensation or methods of compensation. In December, we had no reason to anticipate that such a change will be made. It was for that reason that the announcement was made. It was not made by the Finance Minister, although I am prepared to bear the responsibility for everything I advocate here. I might mention, since my name has been mentioned, it was by the whole Government. It was the considered view of the Government and it is still the considered view of the Government that it is right that we should not break the solemn assurance that we have given to thousands of holders.

I shall give some figures about the shareholders. There are 10,743 shareholders of the Imperial Bank of whom 7,781 shareholders hold either six fully paid up shares of Rs. 500 or less or 25 partly paid up shares of Rs. 125 each or less. Certain hon. Members may say that these are also filthy plutocrats, people who are holding 5 or 6 shares have no reason to exist and they should part with their wealth for the sake of the community. But, I still regard them as small shareholders and many of them are widows and minors.

Shri S. S. More: What is the percentage of widows?

Shri C. D. Deshmukh: I am sorry I have conducted no investigation into that particular problem.

About 27 per cent of the shares are held by banks, insurance companies or trusts which are not individuals. It was because of the existence of a very large number of what we regarded as small shareholders that we had to make this announcement.

In regard to the actual price, I can assure the House that what we are acquiring is worth a little more than the price that we are paying. Since we have not yet acquired and it is still a private institution till the Bill is passed, I am not at liberty to give out the details. I would ask the House to accept my word that what we are acquiring is worth more than the price that we are paying for it. The House must remember that if we had acquired it in 1948, we should probably have paid Rs. 2,000. By waiting for a few years, we are paying Rs. 1,765. We are saving a lot of money by our fabianism in this matter. We have tried to work out the averages for various years, for 2 years, for 5 years; I have gone back 15 years and I have taken the whole cycle beginning from 1939 and ending with 1954. The average figure that I get is Rs. 1,700 to 1,800. I have taken the lowest and the highest. Considering everything, I think it is a fair bargain that we are making.

Certain hon. Members have raised the issue whether this will be a precedent for the future also. I cannot say. It all depends on the circumstances. But, if the question is, are we going to adopt the same formula, that is to say, are we going to take a figure for a particular date representing the average over the last 12 months, I say, not necessarily. I do not know. It may be, it may suit us to do so. It may be there may be other considerations which will colour the view of what is fair and equitable. We might take another view. Had it not been for this assurance, I can assure the House that we could have considered various alternatives. We could have considered the share value, we could have considered some other periods, we could have considered even the assets, although I am not at liberty to give the details. That room for variation does not exist so far as this particular formula is concerned. I think the House should accept it not only because we are committed to it, but because I think it is by and large fair.

There was a lot of statistical material which an hon. Member gave in which he sought to draw the conclusion from figures relating to other banks. In my humble opinion, those figures are quite irrelevant. It all depends on the circumstances of the particular banks, how far they have been in existence, how they have laid out their assets. A statement has been made that much of the value of a share of this Bank depends on the support that Government has been giving. That support has varied with the ages. For instance, when this Bank was started 100 years ago, according to the figures given out, which are, I think, correct,—it may be that they were the only bankers and they had the cream of whether business was going on. In 1935, when the Reserve Bank was established, the whole scene was changed. I do not think that after 1935, you can regard the Imperial Bank as making any significant profits because of Government support., The only thing that they did was, they were agents for the Reserve Bank and kept custody of currency chests and they had certain remittance facilities. It is quite true that that has been a sore point with many of the commercial banks who had been complaining that they have to pay a very much larger rate for remittances of money than the Imperial Bank has. What does it mean? It means that the Imperial Bank has been possibly making a little larger profits. Where do the profits go? So far as dividends are concerned, they have remained more or less at 16 per cent for a very long time.

From 1921 to 1931, it was 16 per cent; 1931 to 1944, 12 per cent; 1945 to 1949, 14 per cent; and 1950 to 1954, 16 per cent. It must be noticed that the increase, significant increase, in the price of the shares took place after 1935. I think some hon. Member quoted figures for 1945-46 and so on. Well, if we had purchased the bank in 1946, might be we should have had to pay Rs. 2,400 or Rs. 2,600 per share, and it is because inflation has now come under control and money has become more respectable that instead of Rs 2,400, the shares stand at Rs. 1,700. Now, it may be that if we wish to acquire any of the shares in future, it will depend on the price existing then, but as I said, the marked price need not necessarily be the consideration; it may be something else. It may be the profit earning capacity

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of the State Bank. Therefore, I think this is the only basis on which it is right that we should acquire the shares of the Imperial Bank. In view of the reasons I have given—I think I have dealt with nearly all the points that have been raised by hon. Members—I think that none of these amendments should be accepted.

Shri V. P. Nayar: May I ask a question?

Mr. Chairman: So many questions have been asked.

Shri V. P. Nayar: If the control...

Mr. Chairman: He is asking questions without my permission. Already he has made a speech. He put several questions to the hon. Minister and the hon. Minister has replied. I accept that the hon. Member may not be convinced by the reply. But so far as I am concerned, enough questions have been already put. This is not the time to put any further questions.

Shri V. P. Nayar: He raised a new point.

Mr. Chairman: New points are bound to be raised in reply.

Shri V. P. Nayar: If that is your desire, I do not want to ask questions.

Mr. Chairman: Questions need not be asked at this stage. First of all, I will put the Government amendment to the vote of the House.

The question is:

In pages 28 and 29, *for* lines 37 and 38 and lines 1 to 5 respectively, *substitute*:

> "(2) Notwithstanding anything contained in sub-paragraph (1), any person who is registered as the holder of a share in the Imperial Bank on the 19th day of December 1954, and continues to be so until the appointed day shall if he applies in writing in this behalf to the Reserve Bank before the expiry of three months from the appointed day, be entitled to be paid, by cheque drawn on the Reserve Bank, any compensation payable to him up to the first ten thousand rupees."

The motion was adopted.

Mr. Chairman: Then I will put amendment No. 65 which has been accepted by the Finance Minister.

The question is:

In page 28, line 8, *omit* "full".

The motion was adopted.

Shri R. D. Misra: I beg leave of the House to withdraw my amendment No. 8.

Mr. Chairman: Has the hon. Member the leave of the House to withdraw his amendment No. 8?

Some Hon. Members: No.

Mr. Chairman: Then I will put amendment No. 8 to the vote of the House along with the other amendments.

Shri V. P. Nayar: I want amendments Nos. 66 and 68 to be put separately.

Mr. Chairman: I take it I can put amendment No. 318 along with these.

Shri S. S. More: No, separately.

Mr. Chairman: The question is:

In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty five rupees and ten annas per share" *substitute* "an amount equal to the face value of the share".

Those hon. Members who are in favour of the amendment will kindly say 'Aye'.

Some Hon. Members: 'Aye'.

Mr. Chairman: Those hon. Members who are against will kindly say 'No'.

Several Hon. Members: 'No'.

Mr. Chairman: The 'Noes' have it.

Shri V. P. Nayar: 'Ayes' have it. This is a very important matter.

Mr. Chairman: Everything that the hon. Member says is important, because there is some principle involved. I do not say it is not important. I would request the 'Ayes' to kindly stand in their seats.

Shri V. P. Nayar: The bell may be rung.

Mr. Chairman: Not necessary.

Shri V. P. Nayar: Let there be a proper division.

Shri S. S. More: Yes. (*Interruptions*).

Mr. Chairman: I can only answer to one Member at a time. I do not want to be stampeded into any action. So many Members speak as if I have committed something wrong against the wishes of the hon. Members.

Shri S. S. More: That only shows our enthusiasm.

Mr. Chairman: Over enthusiasm, I do not want to act against the wishes of the House. Those hon. Members who are in favour of the amendments will kindly say 'Aye'.

Some Hon. Members: 'Aye'.

Mr. Chairman: Those hon. Members who are against will kindly say 'No'.

Several Hon.. Members: 'No'.

Mr. Chairman: The 'Noes' have it; the 'Noes' have it.

Some Hon. Members: The 'Ayes' have it.

Shri S. S. More: We have been deprived of a division on so many occasions. Let it be recorded.

Shri V. P. Nayar: It is more easy to divide in the lobbies than have it taken down.

Several Hon. Members: No, no.

Mr. Chairman: Order, order. I will request 'Ayes' to stand in their seats.

Shri H. N. Mukerjee: I know you are within your rights in asking us to stand in our places. But when we feel that there should be a proper division, I do desire that you take that into account.

Mr. Chairman: I know that I am entitled to ask hon. Members to stand in their seats. At the same time, I do not want to make it a rule of thumb. I would like to know how, if I ask hon. Members to go to the lobbies, the decision will be different. If the decision can be changed by that method, I have no objection.

Shri S. S. More: We know that the decision cannot be changed. But there are occasions and there were many occasions when a proper division was taken.

Mr. Chairman: If the names are to be recorded, let them be recorded. I have no objection to that.

Shrimati Renu Chakravartty: Names on both sides should be recorded.

Mr. Chairman: Not when there is an overwhelming majority on the other side. I do not see any reason why it should be so. If it was the case that many of them were not voting, I would certainly have taken that into account. But I find from two or three divisions that every Member on the other side stood up.

Shri S. S. More: Is it your ruling that the decision can very well be anticipated or the conclusion might be a foregone conclusion, and so there should not be any division? As far as we are concerned, we know it; we are quite conscious about our own strength.

Mr. Chairman: Order, order. So far as division is concerned it is the right of every Member to claim division, but the way in which a division can be taken is given in the rules and under the rules, the Chair is entitled to ask hon. Members to stand in their seats.

Shri S. S. More: We do not question your right.

Mr. Chairman: Order, order. If by going to the lobbies, the decision could be changed, I would certainly have had no objection to that. If that were so, even if I had the right to ask Members to stand in their seats, I

[Mr. Chairman]

would not have excerised it. But here I do not know how there will be a change.

Shri S. S. More: If your ruling stands, there will be no future occasion on which a proper division can be claimed.

Mr. Chairman: I can assure the hon. Member that so long as I am in the Chair, if there is a good demand for going into the lobby, and if the hon. Member expects that many Members are not voting, I will certainly ask the Members to go to the lobby.

Shri S. S. More: This should be judged impersonally and not in a personal way.

Mr. Chairman: There is no question of personal and impersonal. Every Chairman has the right to decide the matter in the best manner he can. I am now speaking only for myself. I am going to the extreme length of saying or suggesting and even convincing the Members of the House that as a matter of fact I am not exercising any right of the Chair in an arbitrary manner.

Shrimati Renu Chakravartty *rose*—

Mr. Chairman: Order, order. I request the hon. Members who are in favour of the amendment to stand in their seats.

Shri S. S. More: As a protest, we do not stand.

Mr. Chairman: Those Members who are against the amendment will please stand in their seats. I find it is quite a large number. The amendment is lost.

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *for* lines 14 and 15, *substitute*:

"an amount equal to the paid-up value of share in the case of a partly paid-up share".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *for* lines 12 to 15, *substitute* "at the rate at which the shares were purchased".

Those who are in favour of the motion will please say Aye.

Some Hon. Members: Aye.

Mr. Chairman: Those who are against the motion will please say No.

Several Hon. Members: No.

Mr. Chairman: I think the Noes have it.

Shri S. L. Saksena: The Ayes have it.

Mr. Chairman: I request hon. Members who are in favour of the amendment to stand in their seats. I see nobody is standing. Now, those who are against the amendment will please stand.

Shri A. M. Thomas: I wish to raise a point of order. When in favour of the motion nobody is standing, why should the Chair ask the hon. Members on the other side—those who are against the amendment—to stand up?

Mr. Chairman: If nobody stands either way, then I will conclude that the motion is lost. But if the Noes stand, then it is positive evidence that many hon. Members are against the amendment. So, the amendment is lost.

The motion was negatived.

Mr. Chairman: I shall now put the rest of the amendments to the vote of the House.

The question is:

In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount twice the face value of the share ".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount calculated at the rate of one thousand two hundred and thirty-five rupees and fifteen annas per share".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *for* lines 12 to 15, *substitute*:

> "at the rate of one thousand five hundred and eight rupees per share in the case of a fully paid-up share, and three hundred and ninety rupees per share in the case of a partly paid-up share, which were the closing rates of these shares on April 15, 1955 in Bombay".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *for* lines 14 and 15, *substitute*:

> "an amount twice the paid-up value of share in the case of a partly paid-up share".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *for* lines 14 and 15, *substitute*:

> "three hundred and two rupees, three annas and eleven pies per share in the case of a partly paid-up share".

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *omit* lines 16 to 27.

The motion was negatived.

Mr. Chairman: The question is:

In page 29, line 27, *for* "fifty-five per cent." *substitute* eighty per cent."

The motion was negatived.

Mr. Chairman: The question is:

In page 29, *omit* lines 32 to 34.

The motion was negatived.

Mr. Chairman: The question is:

In page 28, *after* line 27, *insert*:

> "Notwithstanding the provisions contained in (a) above, every shareholder holding shares for an aggregate value of ten thousand rupees or more for a period of over 3 years from the date of commencement of this Act, shall be paid compensation, deducting from the aggregate face value of shares held, a sum equal to 25 per cent of the dividend actually earned on such shares."

The motion was negatived.

Mr. Chairman: The question is:

In page 28, lines 11 to 13, *for* "an amount calculated at the rate of one thousand seven hundred and sixty-five rupees and ten annas per share" *substitute* "an amount equal to the face value of the share".

The motion was negatived.

Mr. Chairman: I shall now put clause 9 and the First Schedule, as amended, to the vote of the House. The question is:

> "That clause 9 and the First Schedule, as amended, stand part of the Bill."

The motion was adopted.

Clause 9 and the First Schedule, as amended, were added to the Bill.

The Second, the Third and the Fourth Schedules, Clause 1, the Title and the Enacting Formula were added to the Bill.

Mr. Chairman: I have to bring to the notice of the House that some formal amendments will also be moved by the Minister.

Shri A. C. Guha: I beg to move:

> "That the Bill, as amended, be passed."

In this connection, I should like to mention that there are three verbal

[Shri A. C. Guha]

amendments to clause 34. I beg to move:

> (i) In page 18, line 28, *for* "such sum prescribed" *substitute* 'such sum as may be prescribed'.
>
> (ii) In page 18, lines 34 and 35, *for* "safe responsibilities" *substitute* "several responsibilities".
>
> (iii) In page 19, line 14, *for* "provided in the regulations" *substitute* "prescribed".

The first two are purely for rectifying some printing mistakes, and the third one is just a formal thing. It is not a substantial amendment.

Shri S. S. More: Are these amendments submitted in writing?

Mr. Chairman: Yes. Otherwise, they will be in a vacuum! What is the point of order?

Dr. Rama Rao: The hon. Minister moved that the Bill, as amended, be passed. Then he moves the amendments. It is entirely out of order. Those amendments cannot be taken into consideration.

Mr. Chairman: The practice is that formal amendments have always been moved, if they are not moved earlier, after the third reading has commenced.

Shri S. S. More: Are they formal?

Mr. Chairman: They are quite formal?

Shri S. S. More: So, we need not apply our minds to those amendments!

Mr. Chairman: I have looked into those amendments. If they are not formal, I would not have allowed them. I would not have taken them as a matter of course, if they were not formal. During the third reading, it is usual that such formal and consequential amendments are moved.

Shri Sadhan Gupta: I can quite see that one or two of the amendments now moved by the hon. Minister may be formal, but the amendment that seeks to substitute "prescribed" for "provided in the regulations" is definitely a substantive amendment. "Provided in the regulations" means one thing. "Prescribed" means quite another thing. I submit that that amendment cannot be considered as formal at this stage.

Mr. Chairman: I think it is also consequential and formal.

The question is:

In page 18, line 28, *for* "such sum prescribed" *substitute* "such sum as may be prescribed ".

The motion was adopted.

Mr. Chairman: The question is:

> In page 18, lines 34 and 35, *for* "safe responsibilities" *substitute* "several responsibilities".

The motion was adopted.

Mr. Chairman: The question is:

> In page 19, line 14, *for* "provided in the regulations" *substitute* "prescribed".

The motion was negatived.

Mr. Chairman: Motion moved:

> "That the Bill, as amended, be passed."

Shri S. S. More: May I know what is the time allotted for the third reading?

Mr. Chairman: The time allotted for the Bill is over. But for the respect which I have got for the Members, I would not have put even the amendments to the vote of the House, for, after all, there is the guillotine rule. But to apply that rule would not have been proper, and I myself would not like it. But I am in the hands of the House. If the House wants to sit longer for the third reading, I will be guided by the desire of the House, as long as I remain in the Chair, and as long as the House wishes me to be in the Chair. But I should think that the Bill has been thoroughly discussed.

and even if there was no third reading nothing would be lost, because every amendment has been thoroughly discussed. But if the House so desires, we can sit longer. I do not want it to be—and let it not be said that the Bill was hustled through. If the House so desires we will sit till such time as the House wants. Left to myself I would like the House to sit for 15 minutes more. Would it not be sufficient?

Dr. Rama Rao: One hour.

Mr. Chairman: I have no objection. But let us see how the debate proceeds. It is just possible that there may be not many Members wishing to speak.

श्री पी० एन० राजभोज (शोलापुर—रक्षित—अनुसूचित जातियां) : माननीय सभापति जी, हमारे भाई श्री आल्तेकर ने परसों जो भाषण दिया उस में बहुत अच्छी तरह से गरीब देहातियों के सम्बन्ध में बताया कि आज कल क्या स्थिति है और उस पर गवर्नमेन्ट को बहुत अच्छी तरह से गौर करना चाहिये और जो सूचना उन्होंने दी है उस पर पूरी तरह से अमल करना चाहिये ।

दूसरी बात मैं यह कहना चाहता हूं कि देहाती लोगों का कर्जा बढ़ रहा है और अनाज की कीमत घट जाने की वजह से उन की हालत और भी बुरी हो गई है । इस लिये स्टेट बैंक को एक तरफ तो उन को हल्के ब्याज पर कर्ज देना चाहिये और दूसरी तरफ गांव गांव में गोदाम खोल कर उन में किसानों का पैदा किया हुआ अनाज सुरक्षित रखना चाहिये । इसी तरीके से अनाज का नुक्सान नहीं होगा । साथ ही गवर्नमेंट को उस अनाज को अच्छी कीमत पर किसानों को देना चाहिये । तभी किसानों को क्रेडिट की सहूलियतें मिल सकेंगी और वह उन को फायदा उठा सकेंगे । अनाज का उत्पादन भी इसी रीति से बढ़ सकेगा और देश की हालत सुधर सकेगी ।

एक और भी काम करना बहुत जरूरी है । आज मुझे खुशी है कि कुछ कम्यूनिटी प्रोजेक्ट्स में खेतों के टुकड़े इकट्ठे करने का काम हो रहा है । धान्य पैदा करने के लिये जितनी भी हो सके उतनी इकट्ठी जमीन एक जगह पर किसानों के पास होनी चाहिये । तभी वह लोग ट्रैक्टर का इस्तेमाल कर सकेंगे और फर्टिलाइजर्स तथा अन्य साधनों का उपयोग कर सकेंगे । गवर्नमेन्ट को इस विचार को ध्यान में रखते हुए एक एक किसान को इकट्ठी जमीन देनी चाहिये और सहकारी खेती के लिये ही किसानों के मन को उत्साहित करना चाहिये । भूदान आन्दोलन से ही यह प्रश्न नहीं हल हो सकेगा । बल्कि मैं तो समझता हूं कि भूदान से यह प्रश्न और भी कठिन हो जायेगा ।

इम्पीरियल बैंक बंद कर के स्टेट बैंक बनाने से ही हमारा काम पूरा नहीं होगा । गरीबों का भला तो तब होगा जब कि आप के अफसरों के अन्दर जो भ्रष्टाचार है वह अच्छी तरह से दूर होगा । उस के बन्द होने पर ही गवर्नमेन्ट लोगों को लाभ पहुंचा सकती है ।

यही मेरी प्रार्थना है । साथ ही यह भी प्रार्थना है कि श्री आल्तेकर जी ने जो सूचना देहातियों के सम्बन्ध में दी है उसे ध्यान में रख कर उस पर अमल करने का प्रयत्न किया जाये ।

Shri Sadhan Gupta: Mr. Chairman, we have now finished our discussions on the clauses and I do not wish to take much of the time of the House. Sir, we tried to convince the Government as to the fairness, as to the justice, about making some reduction in the compensation clauses. We have not succeeded. We have tried to convince the Minister about the necessity of associating the staff of the Bank with its management: we have not succeeded. And, lastly, Sir, we have to say to the great shame, that we have tried unsuccessfully to exclude at least the tax-evaders. Even that has not borne fruit. Therefore, I think we have not made very auspicious start in this first public enterprise in the field of banking and I must voice my very firm protest in respect of this attitude.

[**Shri Sadhan Gupta**]

Sir, if we are going to compensate the already wealthy people at the expense of the poor people of this country, if we are going to tolerate the tax-evaders, if we are not going to associate the staff, when we talk tall about associating labour, I do not know what is going to be the fate of our public enterprise, I do not know what is going to be the fate of the public sector.

Sir, we would have very much wished that the slab system had been introduced for compensation. We would have liked small holders like widows and poor people regarding whom the big business and Government always wax eloquent being compensated to a fair extent and others who are holders of big shares, or who are big people but may be holding small shares, who are assessed to very high income-tax, given less. We would have liked some such kind of compensation. Or, we would have even liked compensation to be paid on the face value. But we have not succeeded.

Sir, the whole country would have desired that tax-evaders at least had been excluded and it is surprising that the hon. Minister says that the tax-evaders would improve. Sir, we have knowledge of human character and we know that any one may improve, but not the tax-evaders. Sir, we strongly protest against the attitude taken towards the staff. We repeat that we are not satisfied with the Finance Minister's evasive answer. He says that this is not the time to consider it; this is not the time to hurry about it; what is the hurry about it? The staff has a substantial interest—no one will deny it. The fact that they have been excluded from management in the private sector is no ground for excluding them from management of the public sector. Everyone knows that capitalism is based on the exploitation of the staff. Are we to be guided by the tenets of capitalism? Sir, under Socialism the staff is the most important element in the industry. It is an accepted fact that they should be partners in industry. The Labour Minister has accepted it. There is no controversy about the principle. Therefore, this talk about hurrying it and about considering it at some other time can be nothing but evasion, or refusal to associate the staff.

If the Finance Minister takes up that attitude I would have expected him to come out boldly with it and said: "We do not believe in all this humbug." For God's sake do not take this evasive attitude. Tell us your mind frankly. I know what is in the mind of the Finance Minister. We want him to come out frankly with what is in his mind so that the public and the country may judge the truth and not be deluded by what is not the truth.

I referred to the tax-evaders. I say again that it would be to the standing shame of this House if we pass this Bil in this form. I would yet request the Finance Minister if not to amend the Bill, at least to give an assurance, a categorical assurance, that no tax-evader will be taken in as a Director, will be nominated as a Chairman, or Vice-Chairman, Managing Director, or Directors nominated by the Government.

Shri S. L. Saksena: Mr. Chairman, at least we are at the end of our labours. There is no doubt that this is an important Bill, a historic Bill in fact. An institution which has been curse for this country has at last been nationalised.

But, after hearing the discussions which have taken place on this Bill, we have some very serious apprehensions. First of all, the contention of the hon. Finance Minister that acceptance of land as security would put the whole measure in risk has not convinced us. Being one from among the rural people and having worked among them, I fail to see how this Bill is going to improve the lot of the rural masses, if land is not going to be accepted as security. Though the hon. Finance Minister might have taken expert advice, I would request him to watch the working of the Bank in the first year or two and if he feels that the real interests of the rural masses are not served, and they do not get the benefit of cheap credit, to come forward with an amendment to the effect that land may be accepted as security. I am sure that if after the first one or two years' working of the measure, he finds that poor people whose only security is land are not getting the advantages of this measure, he will come forward with an amending Bill. (*Interruption*).

I thought that my friends were very anxious to see this Bill through. I am prepared to sit the whole night. This is a very serious Bill and you should not take it lightly.

I find that the Finance Minister has already given an assurance on the question of compensation. The Ministers should realise that this House is sovereign and they should not give assurances like that. Whether it was at the instance of the Cabinet or of the Finance Minister himself so long as the provision has not been accepted by this House, he should not give any such assurance. They should not pledge our honour in such a manner. I hope that in future no Minister of Government will give an assurance without consulting this House, so that we may not be deprived of our main privilege.

Shri C. D. Deshmukh: The assurance had already been given in the House first by the previous Finance Minister.

An Hon. Member: Where he was not a Member.

Shri S. S. More: Was it given with the approval of the House?

Shri C. D. Deshmukh: All I say is that an assurance was given and it was not contradicted then.

Shri S. S. More: How can we contradict it?

Mr. Chairman: Now the question is, how it could be contradicted? What he has given is just a statement of fact. Whether you accept its validity or not is a different matter.

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Shri S. L. Saksena: Even if it be that an assurance was given, yet as he himself has said, when the assurance was given, there was no Avadi resolution. He did not know at that time that the situation would change. But things have changed since then. The assurance of Government also should change when the circumstances have changed. I therefore suggest that we should pay them compensation only at the purchase value, if not at the face value. My hon. friend Shri Bansal said that in 1921 the price of these shares was of the order of Rs. 2000. My amendment seeks to provide only this; pay them what they actually paid for the shares; if they have paid Rs. 2000 for a share, then pay them Rs. 2000; if they have not paid Rs. 2000, then do not pay them Rs. 2000.

Shri Bansal: I could not understand what the hon. Member was saying.

Shri S. L. Saksena: You said that the share value in 1920 was about Rs. 2000. My amendment says only this, namely that you pay a shareholder only that sum which he has actually paid for purchasing his shares, and nothing more. If he had got the shares at Rs. 2000 then pay him Rs. 2000; if he had not paid Rs. 2000 then do not pay him Rs. 2000 but pay him only that amount which he has actually paid.

Shri S. S. More: Minus the dividend that has been earned.

Shri S. L. Saksena: If you cannot accept the payment at face value, at least accept this amendment which seeks to provide for payment to them at the purchase value. The fact that you have not done either of these things only shows that you want only to honour a commitment which you have already made; whether or not it is fair, we are asked to put our seal on it.

[Shri S. L. Saksena]

As for the staff, I feel very keenly for them. You talk about socialism and the Avadi resolution about socialistic pattern. Our Labour Minister also has been saying time and again that labour should be treated as a co-partner with capital in any industry. But when the occasion for implementing that arises, my hon. friend the Finance Minister says that he will have to discuss this thing later and decide the policy. But I ask: when will that day come? You fixed some day for a debate on this matter and decide your policy once and for all. Why are you postponing it for the future? Already Bills are coming up almost everyday for nationalising this industry or that industry; and yet we find that you have not decided your policy. When will you decide your policy? Will you decide your policy only after all the nationalisation measures are passed? I submit, Sir, that the labour policy about these nationalised concerns should be settled here and now once and for all, so that we may know what the position of labour will be in these nationalised concerns, and whether they will be co-partners with capital or not. If you believe in a socialistic pattern of society, then you must decide this question once and for all, and you must see that labour and the employees have an equal status with the shareholders or those who represent capital. What is the good of saying that this thing will be decided in the very near future? Why should we postpone it for the future? Let it be decided right now, as to what is Government's policy in this matter. Do they want the co-partnership of labour with capital or not? If they do not want it, let them say so. But if they want it, let them decide it here and now.

In conclusion I would like to say a word about priority of allotment of shares. I am very sorry that those very shareholders who will get compensation will be given priority in the matter of allotment. Already you are paying them compensation at about four times the purchase value of these shares, and now you are also going to give them priority in the matter of allotment of shares. I say if you are going to allot shares to anybody, you should allot them to those who are the poor people, to those who are the common people of this country. Do not give them to those who have already earned huge dividends, for that is not fair at all.

Shri Sarangadhar Das: Today when this Bill is almost passed now, I am not at all surprised, as most of my friends are, that while the Government Benches from the Prime Minister downwards talk about "socialistic pattern", we see something else in action. From the very beginning, I had felt that these were only words. But now I am convinced that the Prime Minister is an adept in weaving words. And those words are being exploited by his colleagues in the Cabinet and also in the Party in power. When we wanted to pass this legislation after the Constitution (Fourth Amendment) Bill was passed, the whole country expected that there would be something equitable in the new social environment. "Equitable" does not mean the same thing in the present environment, as it used to in the most capitalistic form of society and in the most capitalistic form of thinking.

I am not one of those who want to dispossess anyone. I am not for dispossessing those who have looted the community or looted the country or have made money with the sweat of their brow, to some extent. I am not for dispossessing them. I am not for liquidating anybody. But I do want that they should remain in this country and work with us, as equals with the common man.

It is from that point of view that Government should have considered what compensation is to be paid. From all the discussion that has gone on so far, it is quite clear now that during the last thirty years or so, the shareholders in this Bank had got quite a good deal of return, and according to some calculations given here, about four times the investment has been returned to the shareholders.

Now, when I propose that they should not be dispossessed and that they should not be thrown into the streets as beggars, I say there is one particular way in which we can calculate and give them a fair dividend on what they had invested. Let us give them a dividend of, say, six per cent which is considered as quite a good one in the case of the other concerns and banks. Let us give them six per cent as the normal and fair dividend, and let the surplus 10 per cent paid to them all these years go towards liquidating their investment. If you adopt this basis, then those who had purchased shares originally at a lower value would not probably get anything; but those who had purchased at a higher value could get something, even after deducting this surplus dividend that they had drawn. Instead of doing that, you are now safeguarding the interests of the "have's" and not the "have-not's". That is why I say the Prime Minister has used these words 'socialistic pattern' only as a slogan for when one comes to see it in action, one sees just the opposite. When you are having control over this Bank, and you are having the same set of people who were the big shareholders heretofore, and who will be holding perhaps three or four times the number of shares that they used to have before, you are only changing the name; it is not the Imperial Bank of India, any more, but it is still the bank of those people who owned it previously, and the same conditions will continue. Consequently, this will be of no value to the man whom we intend to benefit; this will not improve his condition in any way.

I say therefore I am not surprised at what has happened. But I am pretty positive that from the discussion that has gone on in regard to all the issues on which we have asked for division—and we have not been able to get through with even one division today—the country will know from today that this solialistic pattern is nothing but a bulff in order to bluff the country.

Shri A. M. Thomas: I am sorry to find that this Bill which was being generally welcomed at the first reading stage from all sections of this House, from the Socialist benches as also the Communist benches, is not being given such an enthusiastic welcome at the third reading stage.

Very definite improvements have been made in the second reading stage. I would just cite for example the change in the clause concerning the qualifications for directorship in this Bank. The amount has been reduced from Rs. 10,000 to Rs. 1,000, for a person to be elected as a director of the State Bank. That is a very significant change.

Shri A. C. Guha: That is for a member of the local board.

Shri A. M. Thomas : Yes, Rs. 1,000 for a local board, and Rs. 5,000 for the Central Board. That is a very significant change which we have to take note of.

In the course of the first reading, I had occasion to make this remark, namely that the possession of a cheque-book of the Imperial Bank was considered to be a coveted possession even by the capitalists.

Now, by the enactment of this legislation the cheque book of the State Bank which was previously the Imperial Bank of India, is coming within the reach of an ordinary man. (*Interruption*). Sir, if hon. Members on the other side cannot understand the significance of the change I should only remark that it is only voluntary blindness on their part and it is not what they really feel.

What is it that we shall achieve by this Bill? We all know that 70 per cent of our population belongs to the villages and their voice was not being heard.

An Hon. Member: 80 per cent.

Shri A. M. Thomas: According to latest statistics, 70 per cent of our population belongs to villages and their voice was not being heard. Their

[Shri A. M. Thomas]

woeful tales were remaining unheard. Now, with this Bill very many of their grievances can be remedied and if it is put to proper use the millennium that has been predicted by the hon. Minister when he introduced the Bill can very well be achieved. This is a very definite step in the steps that are being taken by the Government in the direction of creating a socialistic pattern of society.

What is it that we shall achieve by this Bill? We know, although the Reserve Bank is going to possess only 55 per cent of the shares, the State Bank constituted under this Act gets control of immense resources of the Imperial Bank. We have to realise that out of the total deposits that are possessed by all the banks in this vast country, one-fifth of the deposits is being possessed by the Imperial Bank. That is not a small matter and the State gets control of those immense resources so that it may divert those resources not only through channels which are being used hitherto, but altogether different channels, especially the channels through which the help ought to have been rendered long before.

Therefore, I think this is a measure to which we have to give whole-hearted support and I believe that without any dissentient voice this Bill will be passed. I hope it will ere long become law after it is passed by the other House and I believe we will be in a position to take control of this Bank before 1st July, 1955.

चौ० रणवीर सिंह (रोहतक) : सभापति महोदय, इस बिल का तमाम देश के अन्दर स्वागत किया जायगा ।

एक माननीय सदस्य : किया जा रहा है ।

चौ० रणवीर सिंह : किया जा रहा है और किया जायगा भी, क्योंकि आज हमारे देश में ७० फीसदी आदमी ऐसे हैं, जिनको रुपये का लेन-देन पांच फीसदी नहीं, छः फीसदी नहीं, बल्कि दस, पच्चीस और तीस फीसदी तक सूद के हिसाब से करना पड़ता है । मेरे कम्यूनिस्ट दोस्तों ने केस बनाने की कोशिश की कि हिस्सेदारों को फेस वैल्यू का रुपया क्यों न दिया जाय । अगर हम एक मिनट के लिए मान लें कि उनको इसी हिसाब से रुपया दिया जाता, तो हमें १६ करोड़ रुपए के बजाय ५ या ७ करोड़ रुपए देने पड़ते । मेरे कहने का मतलब यह है कि अन्दाजन कोई १३-१४ करोड़ रुपए के घाटे का सवाल हमारे सामने है । लेकिन मैं यह अर्ज करना चाहता हूं कि अगर कोई पैसे वाले हिस्सेदार भाई इस कानून को एक या दो साल के लिए अदालत में लटका दें---जिस तरह कि यू० पी० का जमींदारी एबालीशन बिल लटका दिया गया था---तो उस एक या दो साल में ही इस देश के किसानों को १४, १५ या २० करोड़ रुपए का घाटा हो जाता । यही नहीं, आज हमारे देश में जैसी हालत है---देहात के कुछ भाइयों के पास पैसा है और कुछ के पास नहीं है---उस हालत में अन्दाजन १४-१५ करोड़ रुपए की तो चोरी हो जाती होगी ।

श्री एस० एस० मोरे : कहां से ?

चौ० रणवीर सिंह : अगर हमें इस काम में यानी देहात में बैंक स्थापित करने में कामयाबी मिली, तो उस चोरी में काफी फर्क होगा ।

इस १४-१५ करोड़ रुपए के नाम पर कांग्रेस वालों को बदनाम करने की कोशिश की जा रही है कि वे शायद साहूकारों की रियायत करना चाहते हैं । आज रात के सवा आठ बज गए हैं और हमारे देश के नेता, प्रधान मंत्री पंडित जवाहरलाल नेहरू, अभी तक यहां पर बैठे हुए हैं । वह इसलिए बैठे हैं कि उनके दिल में एक तड़प है कि हिन्दुस्तान के किसानों का सूदखोरों की बीमारी से जितने घंटे और जितने मिनट पहले पिंड छूट जाय, उतना ही देश का और किसानों का भला होगा । देश के किसानों के फायदे के लिए वह इस १४-१५ करोड़ रुपए की परवाह नहीं करते हैं । आज देश में करोड़ों रुपए के प्रोग्राम हमने चलाए हुए हैं । उसमें १४-१५ करोड़ रुपए की क्या गिनती है ? इस

नुक्ता-ए-ख्याल को सामने रखते हुए यह सोचा गया कि यह कोई बड़ी बात नहीं है। मैं समझता हूं कि सारा देश इसका बड़ा स्वागत करेगा और देश को इसका बड़ा फायदा होने जा रहा है।

Shri A. C. Guha: Sir, I am grateful to the Members who have during the 20 hour debate on this Bill have made several suggestions and have also tried to improve the Bill. But, I am a bit disappointed at the speeches made in the third reading stage by members of the Opposition. They moved certain amendments. Those were not acceptable to the Government. For that, I am pained to note, they have not a single word of praise for this Bill. In the third reading stage they have nothing but condemnation for this Bill. I do not know whether they intend, by the third reading speeches, that this Bill in this form should not be passed. If the Opposition takes such an attitude sometimes it appears that all the discussion carried on, on the floor of the House is not intended to convince the Members of this House but is intended for consumption in a wider field.

Shrimati Renu Chakravartty: What is wrong with it?

Dr. Rama Rao: The first is impossible.

Shri A. C. Guha: Sir, I shall now take up some of the points which the hon. Members mentioned. The first thing is, I should like to remind the House that this Bill is only one of the stages of the integrated Plan for rural credit. This Sabha and the other Sabha also have passed another Bill to amend the Reserve Bank of India Act. I have also stated that the Food and Agriculture Ministry would be coming before this House with another Bill to implement another portion of the integrated scheme. Some other stages will have to be implemented by the State Governments and some of the stages are to be implemented by the co-operative organisations. Therefore, the whole scheme should be taken in one perspective. But, if the hon. Members in their anxiety for the amelioration of the agriculturists want to see the whole picture in this one Bill, I am sorry, that would not be taking a correct perspective of the whole picture.

Shri S. S. More: Therefore, it is going to be a progressive realisation?

Shri A. C. Guha: Yes. Then, Sir, some Members pleaded for some more directors in the Central Board with experience in co-operation. We have every sympathy for that suggestion. The wording in that particular clause is: "not less than two members". I can give this assurance on behalf of the Government that we shall see that the number of Directors with experience of co-operatives may be in due proportion to the total number of the directors. Government will take every care to see that this important function which is now given by this Bill to the State Bank, the function of rural credit, should not be in any way hampered; rather it should be encouraged and implemented with earnestness. For that, whatever is necessary, whatever number of directors with experience in co-operation would be necessary to be put in the Central Board, Government will not hesitate to put that number.

Then, another hon. Member from that side has referred to tax-evaders. It is a very vague term. I have stated during the discussion of that particular clause that who can be called a tax-evader is very difficult to define.

Dr. Rama Rao: It has been defined.

Shri A. C. Guha: One may be a tax-evader in one year. He may not be a tax-evader the next year. (*Interruption*).

Mr. Chairman: Order, order. Let there be no interruptions.

Shri A. C. Guha: While giving the accounts of one's income there may be differences of opinion between the assessee and the Income-tax Officers. In such cases also the assessee may technically be called a tax-evader. I think in that category quite a large number of persons may come to be called tax-evaders.

[Shri A. C. Guha.]

Certain fundamental principles such as employees to be associated in the management of this Bank and such other things have been brought in the discussion. I do not think such fundamental principles can be brought in under the discussion of a Bill of this nature which has a limited purpose of its own and a very definite and particular purpose. And the Government consider that that purpose should get priority in the consideration of this Bill; other extraneous considerations should not intervenue.

The main purpose of this Bill is to provide banking facilities in rural and semi-urban areas. In the last four years there was a programme of extending branches of the Imperial Bank in the rural areas. But in spite of the best efforts of the Government and the Reserve Bank it has not been possible to start more than sixty-two new branches of the Imperial Bank in the rural and semi-urban areas during the last few years.

Banking facilities, everybody knows, are very limited in India. About 1,510 towns have branches of any bank in India. Out of so many places, towns, villages, *tehsils* and sub-divisional towns, only 1,510 places have banking facilities. We have put the target of not less than four hundred branches to be started in the next five years. That, we considered to be within the field of practical possibility for this Bank and for the resources of this Bank to implement. It is no use putting a higher target and then to come before this House for amending the particular clause on account of failure to implement that. As I have said previously, I was responsible as a private Member for putting a date—an amendment of mine was accepted by the Government and a date target was fixed in a particular Bill. But it was not possible to implement this, and Government had to come before the House for amending that.

I would like to bring to the notice of hon Members that everywhere we have put the minimum figure. Even as regards the amount to be put apart, or the time, or the number—here also not less than four hundred—everywhere we have put the minimum number. Previously, in similar Bills the procedure was to put the maximum number. This change will only indicate the shift in the emphasis or the shift in the outlook of the Government: we are now putting a minimum target of achievement to be realised in a particular period.

I think I have nothing more to say. Some Members have ascribed certain motives. Some have said that Government has indulged in humbug; some have said that it is all bluff. It is their privilege to indulge in bombasts. I can only give some indications of the path the Government is treading. I can only draw the attention of the House to certain measures passed by this House in recent times. I think the Estate Duty Act was an important measure which can be called a social equalisation measure, an economic equalisation measure—I would like to avoid the word socialist or socialistic, because it is liable to different interpretations, and I do not know if anybody in the Opposition has been able as yet to find a generally acceptable definition of socialism. So it is no use using a phrase which has not any accurate definition as yet. This Bill and also the other steps that will follow in pursuance of the Rural Credit Survey Report, these steps also will indicate the intention of the Government and the direction in which the Government is proceeding. And then another Bill, namely the Companies Bill, that will also indicate the intention of the Government.

Sir, I hope now the Bill will be passed.

Mr. Chairman: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

GOVERNMENT PREMISES (EVICTION) AMENDMENT BILL

EXTENSION OF TIME FOR PRESENTATION OF REPORT OF SELECT COMMITTEE

Shrimati Renu Chakravartty (Basirhat): I beg to move:

> "That the time appointed for the presentation of the Report of the Select Committee on the Bill further to amend the Government Premises (Eviction) Act, 1950, be further extended upto the 31st August, 1955."

Mr. Chairman: The question is:

> "That the time appointed for the presentation of the Report of the Select Committee on the Bill further to amend the Government Premises (Eviction) Act, 1950, be further extended upto the 31st August, 1955."

The motion was adopted.

Mr. Chairman: The House now stands adjourned till 10-30 A.M. on Monday, the 2nd May.

The Lok Sabha then adjourned till Half Past Ten of the Clock on Monday, the 2nd May, 1955.